

# 2014 - 2015



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## MANAGING DIRECTOR & CEO'S LETTER TO THE SHAREHOLDERS

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Several encouraging developments during the year helped improve investor sentiment and business confidence in India, even as the economic environment remained challenging. The national parliamentary elections conducted during the year resulted in a decisive mandate for change with a majority in the lower house of parliament. Globally, a fall in commodity prices, particularly crude, provided significant headroom to the Government on fiscal consolidation. India's external fundamentals also improved, with the Current Account Deficit being estimated at around 1% of GDP in FY15. With price pressures easing, the Reserve Bank of India (RBI) started easing monetary policy with a half percent cut in the Repo Rate, which should progressively result in lower lending rates. I believe that India's economy holds immense promise and the Bank is well positioned to take advantage of the opportunities that are expected to arise as the economy turns around.

Our strategies for acquiring low-cost deposits, diversifying the business mix, upgrading product and process capabilities and putting in place robust risk management frameworks have all worked well. Key financial health indicators remained strong. Good profit numbers, coupled with efficient capital management, have resulted in a healthy accretion to the Bank's book value, year-on-year. The Bank's retail asset franchise continued to show robust growth while the overall asset quality remained stable.

We have continued to build infrastructure, invest in technology and in human capital to support business growth, extend our reach and deepen existing customer relationships. Our digital strategy continues to see strong traction with a multi-fold increase in the use of our electronic banking channels. During the year, we launched our premium personal banking service, Burgundy, designed especially for the busy affluent HNI customer. It is our endeavour to provide customers with the best in class user experience, be it in terms of personalisation, control features or ease of use to help them transact in a seamless manner across all channels. It was, therefore, a matter of great pride for us when the Bank was ranked once again as the 'Most Trusted Private Sector Bank' as per the 'Most Trusted Brand Survey', conducted by Brand Equity, Economic Times.

We also created a new vertical called Transaction Banking, which seeks to integrate and deliver superior product solutions & services to our customers in the area of current accounts, cash management services, trade and forex. The Bank continues to remain the leading player in the Debt Capital Market segment and has been ranked number one in the Bloomberg Underwriter League Table for domestic bonds in India, 7<sup>th</sup> year in a row.

Fiscal 2015 has been a good year for all our subsidiaries, as witnessed by a healthy growth in their total income and earnings. Axis Capital has once again reaffirmed its position as one of India's leading investment banks. Axis Asset Management Company gained market share during the year and is now ranked 12<sup>th</sup> in assets under management amongst the Mutual Fund Industry.

In our constant endeavour to innovate and grow, we have not lost sight of the fact that we are all a part of a larger community and that we need to invest back into it. The Axis Bank Foundation works closely with NGOs in some of the poorest areas of the country with its special focus on providing sustainable livelihood, poverty alleviation, skill development and education to the underprivileged. In recognition of its efforts, I am happy to share that the Axis Bank Foundation was selected as the 'Outstanding Corporate Foundation' by the Forbes India Philanthropy Awards 2014.

India stands at a defining moment, poised to join the ranks of middle income countries within a generation. We are excited about the prospects that this offers and are confident of our ability to capitalize on the opportunities that emerge as we move ahead.

I wish to take this opportunity to thank all our stakeholders, past and present, for supporting us and for being a part of our endeavour to build out a high quality banking franchise.

**Shikha Sharma**

29<sup>th</sup> April 2015

## BOARD OF DIRECTORS\*

Sanjiv Misra	Chairman
Shikha Sharma	Managing Director & CEO
K. N. Prithviraj	Director
V. R. Kaundinya	Director
Prasad R. Menon	Director
Samir K. Barua	Director
Som Mittal	Director
Ireena Vittal	Director
Rohit Bhagat	Director
Usha Sangwan	Director
S. Vishvanathan	Director
V. Srinivasan	Executive Director & Head (Corporate Banking)
Sanjeev K. Gupta	Executive Director (Corporate Centre) & Chief Financial Officer
Sanjeev Kapoor	Company Secretary

## THE CORE MANAGEMENT TEAM\*

P. Mukherjee	Group Executive - Corporate Relationship Group & International Business
Rajesh Kumar Dahiya	Group Executive - Human Resources & Compliance
Rajiv Anand	Group Executive - Retail Banking
Bapi Munshi	President & Chief Risk Officer
V. K. Bajaj	President & Chief Audit Executive
Sidharth Rath	President - Treasury & Business Banking
A. R. Gokulakrishnan	President - Wholesale Banking Operations
Rajendra D. Adsul	President - SME
R. V. S. Sridhar	President - Retail Operations
Lalit Chawla	President - Corporate Client Coverage Group
Jairam Sridharan	President - Retail Lending & Payments
J. P. Singh	President - Business Banking

\*as on 31<sup>st</sup> March 2015

**M/s S. R. Batliboi & Co. LLP** Auditors  
Chartered Accountants

**M/s Mehta & Mehta** Secretarial Auditors  
Company Secretaries

**M/s Karvy Computershare Private Limited** Registrar and Share Transfer Agent

### UNIT: AXIS BANK LIMITED

Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032.  
Tel. No. : 040-67162222 Fax No. : 040-23001153

### Registered Office

'Trishul', 3<sup>rd</sup> Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006.  
Tel. No. : 079-66306161 Fax No. : 079-26409321  
Email: [shareholders@axisbank.com](mailto:shareholders@axisbank.com)  
Website: [www.axisbank.com](http://www.axisbank.com)

### Corporate Office

'Axis House', C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025.  
Tel. No. : 022-24252525/43252525 Fax No. : 022-24251800

## SNAP SHOT OF KEY FINANCIAL INDICATORS : 2011 - 2015

(₹ in crores)

FINANCIAL HIGHLIGHTS	2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	CAGR (5 Years)
Total Deposits	189,237.80	220,104.30	252,613.59	280,944.56	<b>322,441.94</b>	17.94%
- Savings Bank Deposits	40,850.31	51,667.96	63,777.73	77,775.94	<b>88,292.08</b>	21.13%
- Current Account Deposits	36,917.09	39,754.07	48,322.10	48,686.40	<b>56,108.22</b>	11.77%
Total Advances	142,407.83	169,759.54	196,965.96	230,066.76	<b>281,083.03</b>	21.92%
- Retail Advances	35,970.94	48,678.02	65,496.82	88,028.38	<b>111,932.27</b>	32.72%
Total Investments	71,991.62	93,192.09	113,737.54	113,548.43	<b>132,342.83</b>	18.78%
Shareholders' Funds	18,998.83	22,808.54	33,107.86	38,220.48	<b>44,676.51</b>	22.73%
Total Assets/Liabilities	242,713.37	285,627.79	340,560.66	383,244.89	<b>461,932.39</b>	20.66%
Net Interest Income	6,562.99	8,017.75	9,666.26	11,951.64	<b>14,224.14</b>	23.23%
Other Income	4,632.13	5,420.22	6,551.11	7,405.22	<b>8,365.04</b>	16.22%
Operating Revenue	11,195.12	13,437.97	16,217.37	19,356.86	<b>22,589.18</b>	20.34%
Operating Expenses	4,779.43	6,007.10	6,914.24	7,900.77	<b>9,203.74</b>	19.93%
Operating Profit	6,415.69	7,430.87	9,303.13	11,456.09	<b>13,385.44</b>	20.63%
Provisions and Contingencies	3,027.20	3,188.66	4,123.70	5,238.42	<b>6,027.62</b>	17.20%
Net Profit	3,388.49	4,242.21	5,179.43	6,217.67	<b>7,357.82</b>	23.95%
FINANCIAL RATIOS	2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	
Earnings Per Share (Basic) (in ₹)*	16.59	20.59	23.93	26.51	<b>31.18</b>	
Book Value (in ₹)*	92.55	110.40	141.50	162.69	<b>188.47</b>	
Return on Equity	20.13%	21.22%	20.51%	18.23%	<b>18.57%</b>	
Return on Assets	1.68%	1.68%	1.70%	1.78%	<b>1.83%</b>	
Capital Adequacy Ratio (CAR)	12.65%	13.66%	17.00%	16.07%	<b>15.09%</b>	
Tier - I Capital Adequacy Ratio	9.41%	9.45%	12.23%	12.62%	<b>12.07%</b>	
Dividend Per Share (in ₹)*	2.80	3.20	3.60	4.00	<b>4.60</b>	
Dividend Payout Ratio	19.78%	18.15%	19.06%	17.71%	<b>17.79%</b>	

₹1 Crore = ₹10 Million

\* Previous year figures have been adjusted to reflect the effect of sub-division of one equity share of the Bank having nominal value of ₹10 each into 5 equity shares of nominal value ₹2 each

Previous year figures have been re-grouped wherever necessary

## HIGHLIGHTS

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Profit after tax up 18.34% to ₹7,357.82 crores

Net Interest Income up 19.01% to ₹14,224.14 crores

Other Income up 12.96% to ₹8,365.04 crores

Deposits up 14.77% to ₹322,441.94 crores

Demand Deposits up 14.18% to ₹144,400.30 crores

Advances up 22.17% to ₹281,083.03 crores

Retail Assets up 27.15% to ₹111,932.27 crores

Network of branches and extension counters increased from 2,402 to 2,589

Total number of ATMs stood at 12,355

Earnings per share (Basic) increased from ₹26.51 to ₹31.18

Proposed Dividend up from 200% to 230%

Capital Adequacy Ratio under Basel III stood at 15.09% as against the minimum regulatory norm of 9%

Tier - I Capital Adequacy Ratio under Basel III stood at 12.07%



## DIRECTORS' REPORT : 2014-15

The Board of Directors have the pleasure of presenting the Twenty First Annual Report of the Bank together with the Audited Statement of Accounts, Auditors' Report and the Report on business and operations of the Bank for the financial year ended 31<sup>st</sup> March 2015.

### FINANCIAL PERFORMANCE

The financial highlights for the year under review are presented below:

(₹ in crores)

PARTICULARS	2014-15	2013-14	GROWTH
Deposits	322,441.94	280,944.56	14.77%
Out of which			
• Savings Bank Deposits	88,292.08	77,775.94	13.52%
• Current Account Deposits	56,108.22	48,686.40	15.24%
Advances	281,083.03	230,066.76	22.17%
Out of which			
• Retail Advances	111,932.27	88,028.38	27.15%
• Non-retail Advances	169,150.76	142,038.38	19.09%
Total Assets/Liabilities	461,932.39	383,244.89	20.53%
Net Interest Income	14,224.14	11,951.64	19.01%
Other Income	8,365.04	7,405.22	12.96%
Out of which			
• Fee Income	6,778.98	5,985.44	13.26%
• Trading Profit <sup>(1)</sup>	1,134.94	695.99	63.07%
• Misc. Income	451.12	723.79	(37.67%)
Operating Expenses (excluding depreciation)	8,798.07	7,536.84	16.73%
Profit before Depreciation, Provisions and Tax	13,791.11	11,820.02	16.68%
Depreciation	405.67	363.93	11.47%
Provision for Tax	3,699.01	3,130.96	18.14%
Other Provisions and Write-offs	2,328.61	2,107.46	10.49%
Net Profit	7,357.82	6,217.67	18.34%
<b>Appropriations:</b>			
Transfer to Statutory Reserve	1,839.46	1,554.42	18.34%
Transfer to Investment Reserve	25.49	50.03	(49.05%)
Transfer to Capital Reserve	63.14	38.87	62.44%
Transfer to/(from) Reserve Fund	(1.27)	1.05	(220.95%)
Proposed Dividend	1,308.96	1,101.12	18.88%
Surplus carried over to Balance Sheet	4,122.04	3,472.18	18.72%

<sup>(1)</sup> Excluding Merchant Exchange Profit

KEY PERFORMANCE INDICATORS	2014-15	2013-14
Interest Income as a percentage of working funds*	8.81%	8.78%
Non-interest Income as a percentage of working funds*	2.08%	2.12%
Net Interest Margin	3.92%	3.81%
Return on Average Net Worth	18.57%	18.23%
Operating Profit as a percentage of working funds*	3.33%	3.28%
Return on Average Assets	1.83%	1.78%
Profit per Employee**	₹17.07 lacs	₹15.42 lacs
Business (Deposits less inter-bank deposits + Advances) per employee**	₹13.71 crores	₹12.30 crores
Net non-performing assets as a percentage of net customer assets***	0.44%	0.40%

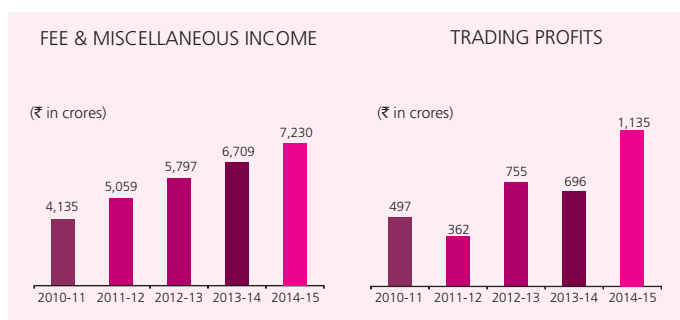
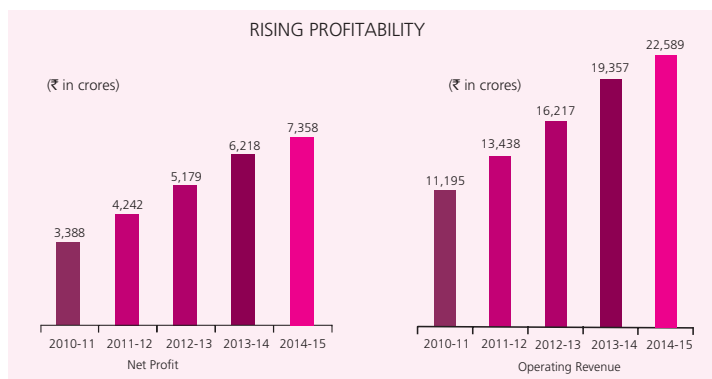
\* Working funds represent average total assets

\*\* Productivity ratios are based on average number of employees for the year

\*\*\* Customer assets include advances and credit substitutes

Previous year figures have been re-grouped wherever necessary

The Bank continued to show a healthy growth in both business and earnings, with a net profit of ₹7,357.82 crores for the year ended 31<sup>st</sup> March 2015, registering a growth of 18.34% over the net profit of ₹6,217.67 crores last year. The robust growth in earnings was achieved on the back of a balanced business growth across all banking segments indicative of a clear strategic focus of the Bank. The key return ratios continued to remain healthy, with Return on Equity (ROE) at 18.57% and Return on Assets (ROA) at 1.83%. During the year, the Basic Earnings Per Share (EPS) was ₹31.18.



The Bank's total income increased by 15.24% to reach ₹43,843.64 crores during 2014-15, compared to ₹38,046.38 crores last year. Operating revenue over the same period increased by 16.70% to ₹22,589.18 crores driven by healthy growth in the Bank's core income streams: net interest income (NII), fees and other income. During the year, NII increased by 19.01% to ₹14,224.14 crores from ₹11,951.64 crores last year and constituted 62.97% of the operating revenue. Fee, trading and other income increased by 12.96% to ₹8,365.04 crores from ₹7,405.22 crores last year. The operating expenses

grew by 16.49% to ₹9,203.74 crores from ₹7,900.77 crores last year. As a result, operating profit increased by 16.84% to ₹13,385.44 crores from ₹11,456.09 crores reported last year.

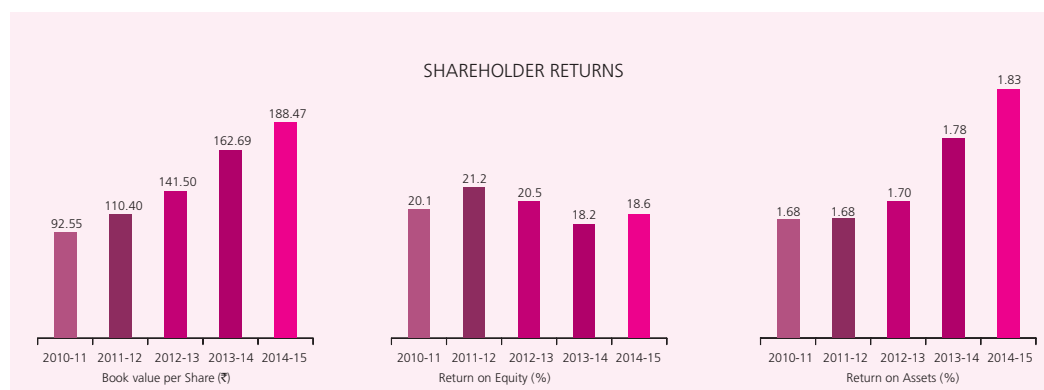
The robust growth in NII for the year 2014-15 was achieved on the back of an expansion in the Balance Sheet size and healthy growth in low-cost Current Account and Savings Bank (CASA) deposits. During the year, total earning assets, on a daily average basis, increased by 15.75% to ₹363,186 crores from ₹313,775 crores last year. A steady growth in low-cost CASA, which on a daily average basis, increased by 14.78% to ₹107,328 crores from ₹93,506 crores last year helped in containing the cost of funds. Overall, the cost of funds for the year was 6.21% compared to 6.24% last year. During the year, the cost of deposits decreased to 6.31% from 6.43% last year, primarily due to a decrease in cost of term deposits by 16 basis points to 8.67% from 8.83% last year. During this period, the yield on earning assets marginally improved to 9.63% from 9.59% last year. As a result, the Net Interest Margin (NIM) improved to 3.92% from 3.81% last year.

Other income comprising fees, trading profit and miscellaneous income increased by 12.96% to ₹8,365.04 crores in 2014-15 from ₹7,405.22 crores last year and constituted 37.03% of the operating revenue of the Bank. Fee income increased by 13.26% to ₹6,778.98 crores from ₹5,985.44 crores last year and remains very well diversified with 38.39% from retail banking, 26.60% from corporate banking and balance contributed by treasury, business banking and SME segments. The Bank earns fee income from a diverse set of products and businesses such as client-based merchant foreign exchange trade, service charges on liability accounts, transaction banking (including cash management services), syndication and placement fees, processing fees from loans and commission on non-funded products (such as letters of credit and bank guarantees) and fee income from the distribution of third-party personnel investment products. Fee income continues to remain a significant part of the Bank's earnings and constituted 30.01% of its operating revenue. A key factor for the slower growth in fee income has been the slowdown in corporate banking fees due to lack of fresh new investments and projects being undertaken. During the year, proprietary trading profits increased by 63.07% to ₹1,134.94 crores from ₹695.99 crores last year. Miscellaneous income was lower at ₹451.12 crores compared to ₹723.79 crores last year.

As a result, the operating revenue of the Bank increased by 16.70% to ₹22,589.18 crores from ₹19,356.86 crores last year. The core income streams (NII, fee and miscellaneous income) now constitute 94.15% of the operating revenue, reflecting the stability and sustainability of the Bank's earnings. The Bank continued to focus on reducing transaction costs besides ensuring smoothness in operations and increasing productivity. The operating expenses increased by 16.49% to ₹9,203.74 crores from

₹7,900.77 crores last year. The increase in operating expenses was largely due to the growth of the Bank's network and other infrastructure required for supporting the existing and new businesses. The Cost to Income ratio of the Bank was 40.74% compared to 40.82% last year.

During the year, the operating profit of the Bank increased by 16.84% to ₹13,385.44 crores from ₹11,456.09 crores last year. During this period, the Bank created total provisions (excluding provisions for tax) of ₹2,328.61 crores compared to ₹2,107.46 crores last year. The Bank provided ₹1,788.61 crores towards non-performing assets compared to ₹1,295.98 crores last year and ₹423.88 crores towards provision for standard assets including unhedged foreign currency exposure compared to ₹290.23 crores last year. During the year, there was a write-back of provisions against restructured assets of ₹81.88 crores compared to a charge of ₹194.76 crores last year. During the year under review, the Bank has also created a contingent provision of ₹220 crores against advances and other exposures as a prudent measure and as on 31<sup>st</sup> March 2015, the Bank had outstanding contingent provision of ₹1,000 crores. During 2014-15, the Bank restructured loans of ₹2,721.86 crores and net restructured assets ratio (net restructured assets as percentage of net customer assets) was 2.71%. The Bank continued to maintain a healthy asset-quality with a ratio of Gross NPAs to gross customer assets at 1.34%, and Net NPA ratio (Net NPAs as percentage of net customer assets) at 0.44%. With higher levels of provisions built over and above regulatory norms during the year, the Bank's provision coverage stood at 77.73% after considering prudential write-offs.

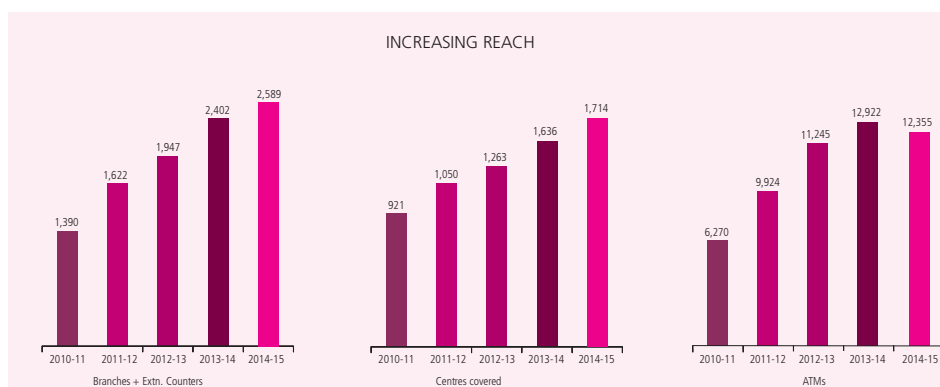


The healthy growth in business and earnings has resulted in an all-round improvement in various financial parameters and ratios during the year. Basic Earnings Per Share (EPS) was ₹31.18 compared to ₹26.51 last year, while the Diluted Earnings Per Share

was ₹30.85 compared to ₹26.45 last year. Return on Equity (RoE) was 18.57% compared to 18.23% last year, while Book Value Per Share was ₹188.47 compared to ₹162.69 last year. Return on Assets (RoA) was 1.83% compared to 1.78% last year. The Net Interest Margin (NIM) for the year was 3.92% compared to 3.81% last year. Employee productivity has also improved with Profit per Employee increasing to ₹17.07 lacs from ₹15.42 lacs last year and Business per Employee increasing to ₹13.71 crores from ₹12.30 crores last year.

The Bank displayed healthy growth in several key Balance Sheet parameters for the year ended 31<sup>st</sup> March 2015. The total assets increased by 20.53% to ₹461,932 crores from ₹383,245 crores on 31<sup>st</sup> March 2014. The total deposits of the Bank increased by 14.77% to ₹322,442 crores against ₹280,945 crores last year. Savings Bank deposits increased by 13.52% to ₹88,292 crores, while Current Account deposits increased by 15.24% to ₹56,108 crores. As on 31<sup>st</sup> March 2015, low-cost CASA deposits increased by 14.18% to ₹144,400 crores from ₹126,462 crores last year, and constituted 44.78% of total deposits as compared to 45.01% last year. On a daily average basis, Savings Bank deposits increased by 16.82% to ₹72,694 crores, while Current Account deposits increased by 10.72% to ₹34,634 crores. The percentage share of CASA in total deposits, on a daily average basis, was at 39.53% compared to 38.89% last year. The Bank's endeavour over the last few years has been to diversify its term deposit mix in favour of retail deposits. As on 31<sup>st</sup> March 2015, the retail term deposits grew 26.53% and stood at ₹106,581 crores, constituting 59.86% of the total term deposits compared to 54.53% last year. As on 31<sup>st</sup> March 2015, domestic retail term deposits grew 27.75% and stood at ₹106,049 crores, constituting 61.27% of the total domestic term deposits compared to 58.97% last year. As on 31<sup>st</sup> March 2015, CASA and retail term deposits constituted 77.84% of total deposits. The domestic CASA and retail term deposits constituted 78.87% of total domestic deposits. In accordance with RBI's guidelines on issuance of long term bonds for financing of infrastructure and affordable housing, the Bank successfully raised ₹5,705 crores of long term Infrastructure bonds during the year.

The slowdown in economic activity has been much more prolonged than envisaged earlier and is reflected in the non-food credit growth of 13.2% for 2014-15. Total advances of the Bank as on 31<sup>st</sup> March 2015 increased by 22.17% to ₹281,083 crores from ₹230,067 crores as on 31<sup>st</sup> March 2014, due to a balanced growth across all segments. Corporate advances comprised 44.89% of total loans and increased by 23.42% to ₹126,184 crores, Retail loans comprised 39.82% of total loans and increased by 27.15% to ₹111,932 crores, SME loans (excluding the non-retail agricultural loans) increased by 14.51% to ₹40,651 crores, while total SME advances (including non-retail agricultural loans) grew by 7.96% to ₹42,967 crores and constituted 15.29% of total loans. During the year, the Bank re-organised the agricultural lending business and merged the retail portion of agricultural advances with the existing portfolio of retail loans, while non-retail agricultural loans have been merged with the SME segment. With the alignment of retail agricultural lending with retail lending, the Bank intends to serve rural customers for all their financial needs - both as agriculturists and as customers. This strategy also allows the Bank to fully leverage its distribution network. The retail loans portfolio continues to be focused on secured products, predominantly mortgages. However, as indicated in the earlier years, the Bank continued its strategic intent to further diversify its retail loans portfolio during the year. Secured loans accounted for 87% of the total retail loans. The total investments of the Bank increased by 16.55% to ₹132,343 crores, of which investments in Government and approved securities, held mainly for SLR requirement, increased by 18.15% to ₹82,229 crores. Other investments, including corporate debt securities, increased by 14.03% to ₹50,114 crores.

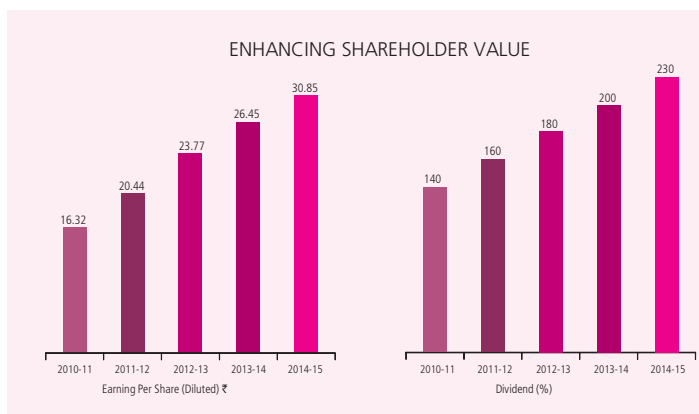


The Bank continued to expand its distribution network, which remains an integral part of the Bank's strategy for tapping low-cost CASA deposits, lending to retail, SME segments and the distribution of third-party products. During the year under review, the Bank added 187 branches, taking the total number of branches and extension counters (ECs) to 2,589, of which 1,324 branches/ECs are in semi-urban

and rural areas and 1,265 branches in metropolitan and urban areas. As on 31<sup>st</sup> March 2015, the Bank has 435 branches in rural unbanked areas. In addition, the Bank has a network of 12,355 ATMs. The overseas operations of the Bank are spread over its seven international offices with branches at Singapore, Hong Kong, DIFC (Dubai International Financial Centre), Colombo and Shanghai and representative offices at Dubai and Abu Dhabi. The international operations of the Bank have generally catered to the needs of Indian corporates who have expanded their businesses overseas and have focused on corporate lending, trade finance, syndication, investment banking and liability businesses. As on 31<sup>st</sup> March 2015, the total assets of the Bank's overseas branches stood at ₹49,112 crores, constituting 10.63% of the Bank's total assets.

## CAPITAL & RESERVES

The Bank is well capitalised with an overall Capital Adequacy Ratio (CAR) of 15.09% as on 31<sup>st</sup> March 2015, computed under Basel III norms, which is well above the benchmark requirement of 9% stipulated by the Reserve Bank of India (RBI). Of this, the Common Equity Tier I CAR was 12.07% (minimum regulatory requirement of 5.50%) against 12.62% last year and Tier I CAR was 12.07% (minimum regulatory requirement of 7.00%) against 12.62% last year. The Tier II CAR was at 3.02% against 3.45% last year. During the year, the Bank raised capital of ₹850 crores by way of subordinated bonds (unsecured redeemable non-convertible subordinated debentures) qualifying



as Tier II capital. The raising of this non-equity capital has helped the Bank continue its growth strategy and has strengthened its overall capital adequacy ratio.

During the year, a total of 1,708,232 equity shares of face value of ₹10 each (before sub-division of equity shares) and 12,758,274 equity shares of ₹2 each were allotted by the Bank to its eligible directors/employees and that of its subsidiary companies pursuant to exercise of options under its Employee Stock Option Schemes. The paidup equity share capital of the Bank rose to ₹474.10 crores, as compared to ₹469.84 crores last year.

The shareholding pattern of the Bank as on 31<sup>st</sup> March 2015 was as under:

Sr. No.	Name of Shareholders	% of Paid-up Capital
i.	Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	11.59
ii.	Life Insurance Corporation of India (LIC) & its group entities <sup>(1)</sup>	12.61
iii.	General Insurance Corporation and four PSU insurance companies	3.85
iv.	Overseas investors (including FIIs/ OCBs/ NRIs)	46.90
v.	Foreign Direct Investment (GDR issue)	3.72
vi.	Other Indian financial institutions/mutual funds/banks	6.62
vii.	Others	14.71
	<b>Total</b>	<b>100.00</b>

(1) Includes 296,075,087 equity shares of ₹2/- each, representing 12.49% of the total issued and paid-up equity share capital of the Bank, held by LIC.

The Bank's shares are listed on The National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The GDRs issued by the Bank are listed on the London Stock Exchange (LSE). The Bonds issued by the Bank under the MTN programme are listed on the Singapore Stock Exchange (SSE). The listing fees relating to the Stock Exchanges for the current year have been paid.

### Sub-Division of the Bank's Equity Shares

The shareholders at the last Annual General Meeting of the Bank held on 27<sup>th</sup> June 2014 had approved the sub-division of one equity share of the Bank having a face value of ₹10 each into five equity shares of the face value of ₹2 each. The sub-division of equity shares came into effect from 30<sup>th</sup> July 2014, being the record date fixed for the same.

### DIVIDEND

The Bank's Diluted Earnings Per Share (EPS) for 2014-15 has risen to ₹30.85 from ₹26.45 of equity share of ₹2 each (adjusted for sub-division) for the last year. In view of the overall performance of the Bank and the objective of rewarding shareholders with cash dividends while retaining capital to maintain a healthy capital adequacy ratio to support future growth, the Board of Directors has recommended a higher dividend of ₹4.60 per equity share of ₹2 each for the year ended 31<sup>st</sup> March 2015, as compared to ₹4.00 per equity share of ₹2 each (adjusted for sub-division) declared last year. This dividend shall be subject to tax on dividend to be paid by the Bank. This increase reflects our confidence in the Bank's ability to consistently grow earnings over time.

### BOARD OF DIRECTORS

During the year, some changes in the composition of the Board of Directors have taken place. Shri R. N. Bhattacharyya, nominee of Specified Undertaking of the Unit Trust of India (SUUTI), resigned as Director of the Bank with effect from 28<sup>th</sup> June 2014. Shri Somnath Sengupta, Executive Director of the Bank had opted for early retirement and accordingly retired as such, with effect from 1<sup>st</sup> September 2014. Shri Sanjeev K. Gupta, President & Chief Financial Officer was inducted on the Board and took charge as the Executive Director (Corporate Centre) & CFO of the Bank, with effect from 4<sup>th</sup> September 2014. Shri S. B. Mathur, attained the upper age limit of 70 years as prescribed under RBI guidelines and accordingly resigned as Director of the Bank, with effect from 30<sup>th</sup> September 2014. Shri S. Vishvanathan was appointed as an Additional Independent Director of the Bank, with effect from 11<sup>th</sup> February 2015. The Board places on record its appreciation for the valuable services rendered by Shri R. N. Bhattacharyya, Shri Somnath Sengupta and Shri S. B. Mathur, during their tenure as Director of the Bank.

During the financial year 2014-15, the approval of shareholders, by way of Postal Ballot was taken on 10<sup>th</sup> March 2015 for appointment of the existing Independent Directors of the Bank.

The said Independent Directors have given their declaration stating that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement. The appointment of the

Independent Directors have been done in accordance with the relevant provisions of the Companies Act, 2013 and Rules made thereunder. The details of the terms and conditions of their appointment have been hosted on the website of the Bank in compliance with revised Clause 49 of the Listing Agreement.

In terms of Section 152 of the Companies Act, 2013, Smt. Usha Sangwan shall retire at the ensuing AGM and being eligible for re-appointment, offers herself for re-appointment.

Apart from the above, no other Director was appointed or has resigned during the financial year 2014-15.

### **Key Managerial Personnel**

Smt. Shikha Sharma, MD & CEO, Shri V. Srinivasan, Executive Director & Head (Corporate Banking), Shri Sanjeev K. Gupta, Executive Director (Corporate Centre) & Chief Financial Officer and Shri Sanjeev Kapoor, Company Secretary of the Bank are deemed to be Key Managerial Personnel of the Bank as per the provisions of the Companies Act, 2013 and Rules made thereunder and that they were already in office before the commencement of the Companies Act, 2013.

### **Meetings**

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, seven Board Meetings were convened and held, the details of which are given in the Report on Corporate Governance, which is forming a part of this report. The intervening gap between the said Board Meetings was within the period prescribed under the Companies Act, 2013 and revised Clause 49 of the Listing Agreement.

### **Selection and Appointment of Directors**

The charter of Nomination and Remuneration Committee of the Board empowers it to review the structure, size, composition, diversity of the Board, evaluation of existing skills, defining gaps and making necessary recommendations to the Board. The Board of the Bank is constituted in accordance with the provision of Section 10A of the Banking Regulation Act, 1949, Companies Act, 2013 and Rules made thereunder and revised Clause 49 of the Listing Agreement. The Bank has adhered to the process and methodology as prescribed by the Reserve Bank of India in respect of 'Fit & Proper' criteria as applicable to Private Sector Banks. The same has been followed at the time of appointment and re-appointment of Directors of the Bank.

### **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, the Board has carried out an annual evaluation of its performance, of the Directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation was carried out was explained in the Report on Corporate Governance, which is forming a part of this report.

### **Audit Committee**

The composition and the functions of the Audit Committee of the Board of Directors of the Bank is disclosed in the Report on Corporate Governance, which is forming a part of this report.

### **Remuneration Policy**

The Board has on the recommendation of the Nomination & Remuneration Committee of the Board of Directors of the Bank formulated and adopted a policy for the selection and appointment of its MD & CEO, Executive Directors, Senior Management and their remuneration. The details of the Remuneration Policy have been stated in the Report on Corporate Governance, which is forming a part of this report.

### **WHISTLE BLOWER POLICY AND VIGIL MECHANISM**

The details of the Whistle Blower Policy and Vigil Mechanism have been explained in the Report on Corporate Governance, which is forming a part of this report and hosted on the website of the Bank.

### **SUBSIDIARIES**

As on 31<sup>st</sup> March 2015, the Bank has eight unlisted subsidiaries: Axis Asset Management Company Ltd., Axis Bank UK Ltd., Axis Capital Ltd., Axis Finance Ltd., Axis Mutual Fund Trustee Ltd., Axis Private Equity Ltd., Axis Securities Ltd. and Axis Trustee Services Ltd.

- i) Axis Asset Management Company Ltd. undertakes the activities of managing the mutual fund business.
- ii) Axis Bank UK Ltd. is the banking subsidiary of the Bank in the United Kingdom and undertakes the activities of banking.



- iii) Axis Capital Ltd. provides services relating to investment banking, equity capital markets, institutional stock broking, mergers and acquisition advisory, etc.
- iv) Axis Finance Ltd. is an NBFC and carries on the activities of loan against shares, margin funding, IPO financing, etc.
- v) Axis Mutual Fund Trustee Ltd. acts as the trustee for the mutual fund business.
- vi) Axis Private Equity Ltd. primarily carries on the activities of managing equity investments and provides venture capital support to businesses.
- vii) Axis Securities Ltd. is primarily in the business of marketing of credit cards and retail asset products and also provides retail broking services.
- viii) Axis Trustee Services Ltd. is engaged in trusteeship activities, acting as debenture trustee and as trustee to various securitisation trusts.

In accordance with the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014, the Bank has prepared its consolidated financial statement including all of its subsidiaries, which is forming part of this report. The financial position and performance of its subsidiaries are given in the statement containing salient features of the financial statements of the said subsidiaries, which forms part of the consolidated financial statements.

In accordance with third proviso to Section 136(1) of the Companies Act, 2013, the Annual Report of the Bank, containing therein its standalone and the consolidated financial statements has been hosted on its website [www.axisbank.com](http://www.axisbank.com). Further, as per fourth proviso to the said section, the audited annual accounts of each of the said subsidiary companies of the Bank have also been hosted on the Bank's website [www.axisbank.com](http://www.axisbank.com). Any shareholder who may be interested in obtaining a copy of the aforesaid documents may write to the Company Secretary at the Bank's Registered Office. Further, please note that the said documents will be available for examination by the shareholders of the Bank at its Registered Office during business hours. The said documents have been hosted on the website of the concerned subsidiary companies of the Bank, in compliance with the said section.

During the year, the Bank has divested its entire stake in its Joint Venture, Bussan Auto Finance India Private Ltd.

## **RELATED PARTY TRANSACTIONS**

All related party transactions entered into during the financial year were on an arm's length basis and in the ordinary course of the business of the Bank. Accordingly, Form AOC-2 is not applicable to the Bank. All related party transactions are placed before the Audit Committee of the Board of Directors for its approval. Prior omnibus approval of the Audit Committee of the Board of Directors is obtained for the transactions, which are of foreseen and repetitive nature. A statement giving details of all related party transactions, entered pursuant to the omnibus approval so granted, is placed before the Audit Committee of the Board of Directors for their review on a quarterly basis. The Bank has developed a Standard Operating Procedure for the purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is hosted on the Bank's website. During the year under reference, the Bank has not entered into any transaction with any related party, which may be deemed to be material, in terms of the proviso to revised Clause 49 VII C of the Listing Agreement.

## **EMPLOYEE STOCK OPTION PLAN (ESOP)**

The Bank has instituted an Employee Stock Option Scheme. The objective of the Scheme is to enhance employee motivation, enable employees to participate, whether directly or indirectly, in the long-term growth and financial success of the Bank, to act as a retention mechanism by enabling employee participation in the business as an active stakeholder to usher in an 'owner-manager' culture. Under the Scheme 240,087,000 (adjusted for sub-division) options can be granted to the eligible Directors/employees of the Bank and its subsidiaries including its Key Managerial Personnel. The Employee Stock Option Scheme has been formulated in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The eligibility and number of options to be granted to eligible Directors/employees is determined on the basis of their work performance and is approved by the Board of Directors.

During the period February 2001 to July 2013, the Bank's shareholders approved plans for the issuance of stock options to employees on six occasions. Under the first two plans and upto the grants made on 29<sup>th</sup> April 2004, the option conversion price was set at the average daily high-low price of the Bank's equity shares traded during the 52 weeks preceding the date of grant at the Stock Exchange which had the maximum trading volume of the Bank's equity share during that period. Under

the third plan and subsequent plans and with effect from the grants made by the Bank on 10<sup>th</sup> June 2005 and thereafter, the pricing formula has been changed to the latest available closing price of the equity shares of the Bank prevailing on the NSE (as the NSE recorded more trading volume than BSE), on the day prior to the grant date. Along with approving the sub-division of the Bank's equity shares, the shareholders at the AGM held on 27<sup>th</sup> June 2014 also approved the consequent adjustments to the stock options granted to its eligible Directors/employees under its various schemes such that all stock options available for grant (including lapsed and forfeited options available for reissue) and those already granted but not exercised as on record date fixed for the purpose of sub-division were proportionately converted into options for shares of face value of ₹2/- each and the grant price of all the outstanding stock options (vested, unvested and unexercised) on the said record date were proportionately adjusted by dividing the existing grant price by 5. The record date for this purpose was 30<sup>th</sup> July 2014.

All the numbers given herein and in the Annexure I to this report pertaining to stock options are post sub-division of shares as stated above.

The Nomination and Remuneration Committee of the Board of Directors and erstwhile HR and Remuneration Committee of the Board of Directors granted options under these plans on fourteen occasions aggregating to 231,975,450 options. The options granted, which are non-transferable, vest at rates of 30%, 30% and 40% on each of three successive anniversaries following the respective grant, subject to standard vesting conditions and must be exercised within three/five years of the date of respective vesting, as the case may be. As of 31<sup>st</sup> March 2015, 166,703,149 options had been exercised and 41,829,791 options were still in force.

Other statutory disclosures as required under the SEBI (Employee Stock Options & Employee Share Purchase Scheme) Guidelines, 1999 has been given in the Annexure I to this report.

## **CORPORATE GOVERNANCE**

The Bank is committed to achieve the highest standards of Corporate Governance and it aspires to benchmark itself with international best practices in this regard. The Corporate Governance practices followed by the Bank are enclosed as an Annexure to this report. The Corporate Governance framework of the Bank incorporates all the recommendations as set out in revised Clause 49 of the Listing Agreement.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors hereby declares and confirms the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. That in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b. That such accounting policies as mentioned in Note 17 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at 31<sup>st</sup> March 2015 and of the profit of the Bank for the year ended on that date.
- c. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- d. That the annual accounts have been prepared on a going concern basis.
- e. That internal financial controls to be followed by the Bank, were in place and that the same were adequate and were operating effectively.
- f. That proper system to ensure compliance with the provisions of all applicable laws was in place and the same were adequate and operating effectively.

## **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT 9 is given in Annexure II to this report.

## **STATUTORY DISCLOSURE**

Considering the nature of activities of the Bank, the provisions of Section 134(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to conservation of energy and technological absorption do not apply to the



Bank. The Bank is however, constantly pursuing its goal of technological up-gradation in a cost-effective manner for delivering quality customer service.

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Bank forms part of Annexure III to this Report. The Bank had 139 employees who were employed throughout the year and were in receipt of remuneration more than ₹60 lakhs per annum and 23 employees were employed for part of the year and were in receipt of remuneration of more than ₹5 lakh per month. In terms of Section 136 of the Companies Act, 2013, the copy of the financial statements of the Bank, including the consolidated financial statements, the auditor's report and relevant annexures to the said financial statements and reports are being sent to the Members and other persons entitled thereto, excluding the information in respect of the said employees containing the particulars as specified in Rule 5(2) of the said Rules, which is available for inspection by the Members at its Registered Office during business hours on working days of the Bank up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, he may write to the Company Secretary of the Bank at its Registered Office. The financial statements, reports etc. of the Bank have been hosted on the website of the Bank, [www.axisbank.com](http://www.axisbank.com).

## **MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

The Management's Discussion and Analysis Report for the year under review, as stipulated under revised Clause 49 of the Listing Agreement with the Stock Exchanges is given in Annexure IV to this report.

## **BUSINESS RESPONSIBILITY REPORT**

The Securities and Exchange Board of India (SEBI) through its Circular CIR/CFD/DIL/8/2012 dated 13<sup>th</sup> August 2012 has mandated the inclusion of Business Responsibility (BR) Report as part of the Annual Report for Top 100 listed entities based on market capitalisation at BSE and NSE as on 31<sup>st</sup> March 2012. The Bank's Business Responsibility Report has been hosted on the Bank's website, [www.axisbank.com](http://www.axisbank.com). Any shareholder interested in obtaining a physical copy of the same may write to the Company Secretary at the Registered Office of the Bank.

## **RISK MANAGEMENT POLICY**

Pursuant to revised Clause 49 of the Listing Agreement, the Bank constituted a Risk Management Committee of the Board of Directors of the Bank. The details of the said Committee and its terms of reference are set out in the Corporate Governance Report, which is forming a part of this report. The Bank has formulated and adopted a robust risk management framework. Whilst the Board is responsible for framing, implementing and monitoring the said risk management framework, it has delegated its powers relating to monitoring and reviewing of risk associated with the business of the Bank to the said Committee. The details of the risk management framework and issues related thereto have been explained in the Management's Discussion and Analysis Report which is annexed to this report.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Bank has constituted the Corporate Social Responsibility Committee (CSR) of the Board of Directors in accordance with the provisions of Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility) Rules, 2014. The brief outline of the CSR Policy, including overview of the program proposed to be undertaken, the composition of the CSR Committee, average net profits of the Bank for the past three financial years, prescribed CSR expenditure and details of amount spent on CSR activities during the year have been disclosed in Annexure V to this Report, as mandated under the said Rules.

## **AUDITORS**

### **Statutory Auditors**

M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Bank (Membership No.301003E) will retire at the conclusion of the Twenty First Annual General Meeting of the Bank and are eligible for re-appointment, subject to the approval of Reserve Bank of India and ratification by the shareholders of the Bank. As recommended by the Audit Committee of the Board of Directors, the Board of Directors has proposed the ratification of re-appointment of M/s S. R. Batliboi & Co. LLP, Chartered Accountants as Statutory Auditors of the Bank for the financial year 2015-16 by the shareholders of the Bank at the ensuing Annual General Meeting. The shareholders are requested to ratify their re-appointment and the remuneration as decided by the Audit Committee of the Board of Directors.

As required under revised Clause 41 I (h) of the Listing Agreement, the Statutory Auditors have confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and that they hold a valid certificate issued by the Peer Review Board of ICAI.

#### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed M/s Mehta & Mehta, Company Secretaries in Practice (Membership No. P1996MH007500) to conduct Secretarial Audit of the Bank. The Secretarial Audit Report is given in Annexure VI to this report.

There are no qualifications, reservations or adverse remarks made by M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Bank, in their Auditors' report or by M/s Mehta & Mehta, Company Secretaries in Practice, Secretarial Auditors of the Bank in their Secretarial Audit Report.

#### **SIGNIFICANT AND MATERIAL ORDER PASSED BY REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND OPERATIONS OF THE BANK**

During the financial year 2014-15, no significant or material orders were passed by Regulators, Courts or Tribunals against the Bank, which could impact its going concern status and operations.

#### **ADEQUACY OF INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS**

The Board has *inter alia* reviewed the adequacy and effectiveness of the Bank's internal financial controls relating to its financial statements.

The Board has discussed with the Management of the Bank the major financial risk exposures and the steps taken by it to monitor and control such exposures, overseen and reviewed the functioning of the Whistle Blower Mechanism (which is a part of the Banks' Fraud Risk Management Policy) and reviewed the findings in respect of investigations into frauds which were material in nature and the actions taken by the Bank in this regard.

#### **CEO & CFO CERTIFICATION**

Certificate issued by Smt. Shikha Sharma, Managing Director & CEO and Shri Sanjeev K. Gupta, Executive Director (Corporate Centre) and CFO of the Bank, in terms of revised Clause 49 (IX) of the Listing Agreement, for the year under review was placed before the Board of Directors at its meeting held on 29<sup>th</sup> April 2015.

#### **ACKNOWLEDGEMENTS**

The Board of Directors places on record its gratitude to the Reserve Bank of India, other government and regulatory authorities, financial institutions and correspondent banks for their strong support and guidance. The Board acknowledges the support of the shareholders and also places on record its sincere thanks to its valued clients and customers for their continued patronage. The Board also expresses its deep sense of appreciation to all employees of the Bank for their strong work ethic, excellent performance, professionalism, teamwork, commitment and initiative, which has led to the Bank making commendable progress in today's challenging environment.

**For and on behalf of the Board of Directors**

**Place : Mumbai**  
**Date : 29<sup>th</sup> April 2015**

**Sanjiv Misra**  
Chairman

# ANNEXURE I

## STATUTORY DISCLOSURES REGARDING ESOP (FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015)

Options Granted	231,975,450
Options Exercised & Shares Allotted*	166,703,149
Options lapsed/cancelled	23,442,510
Total Options (in force) as on 31 <sup>st</sup> March 2015	41,829,791
Options Vested	21,204,291
Money realised by exercise of options (₹ in lacs)	145,674.61

\* One (1) share would arise on exercise of one (1) stock option

### Other details are as under:

Pricing Formula	<p>For options granted upto 29<sup>th</sup> April 2004, Fixed Price i.e. The average daily high – low price of the shares of the Bank traded during the 52 weeks preceding the date of grant on the stock exchange which had the maximum trading volumes of the Bank's share during that period.</p> <p>For options granted on and after 10<sup>th</sup> June 2005, the grant price considered is the latest available closing market price as on the day preceding the date of the grant on the Stock Exchange which had the maximum trading volumes of the Bank's share on that date.</p>
Variation in terms of ESOP	Exercise period in respect of options granted with effect from April 2014 onwards has been changed from 3 years to 5 years.

### Details of options granted:

<ul style="list-style-type: none"> <li>Employee wise details of grants to senior managerial personnel.</li> </ul>	<p>Managing Director &amp; CEO: 5,500,000 options</p> <p>Executive Director &amp; Head (Corporate Centre)<sup>@</sup>: 3,019,400 options *</p> <p>Executive Director &amp; Head (Corporate Banking): 2,575,000 options *</p> <p>Executive Director (Corporate Centre) &amp; Chief Financial Officer: 1,240,250 options *</p>
<ul style="list-style-type: none"> <li>Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year 2014-15</li> </ul>	<p>Managing Director &amp; CEO: 1,125,000 options granted during the year 2014-15</p> <p>Executive Director &amp; Head (Corporate Banking): 625,000 options granted during the year 2014-15</p> <p>Executive Director &amp; Head (Corporate Centre)<sup>@</sup>: 500,000 options granted during the year 2014-15</p>
<ul style="list-style-type: none"> <li>Identified employees who were granted options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank under the grant</li> </ul>	None

\* Includes options granted prior to appointment as Executive Director

<sup>@</sup> Retired during the year

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Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share' ₹30.85 per share

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**Weighted average exercise price of Options whose:**

- |   |   |
|---|---|
| • Exercise price equals market price          | Weighted average exercise price of the stock options granted during the year is ₹306.54 |
| • Exercise price is greater than market price | Nil   |
| • Exercise price is less than market price    | Nil   |

**Weighted average fair value of Options whose:**

- |   |  |
|---|--|
| • Exercise price equals market price          | Weighted average fair value of the stock options granted during the year is ₹109.72. |
| • Exercise price is greater than market price | Nil  |
| • Exercise price is less than market price    | Nil  |
- 

**Fair Value Related Disclosure**

- |   |                  |
|---|------------------|
| • Increase in the employee compensation cost computed at fair value over the cost computed using intrinsic cost method. | ₹90.26 crores    |
| • Net Profit, if the employee compensation cost had been computed at fair value.  | ₹7,267.56 crores |
| • Basic EPS, if the employee compensation cost had been computed at fair value.   | ₹30.80 per share |
| • Diluted EPS, if the employee compensation cost had been computed at fair value.                                       | ₹30.49 per share |
- 

**Significant Assumptions used to estimate fair value**

- |  |                    |
|--|--------------------|
| • Risk free interest rate  | 8.62% to 8.78%     |
| • Expected life  | 2.57 to 4.57 years |
| • Expected Volatility  | 35.77% to 38.01%   |
| • Dividend Yield   | 1.32%              |
| • Price of the underlying share in the market at the time of option grant. | ₹306.54            |
-

# ANNEXURE II

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March 2015  
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of  
The Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i)	CIN	L65110GJ1993PLC020769
ii)	Registration Date	3 <sup>rd</sup> December 1993
iii)	Name of the Company	Axis Bank Limited
iv)	Category / Sub-Category of the Company	Company having Share Capital
v)	Address of the Registered office and contact details	'Trishul', 3 <sup>rd</sup> Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad, Gujarat – 380 006. Phone No. : 079-66306161 Fax No. : 079-26409321 Email : shareholders@axisbank.com
vi)	Whether listed company – Yes/No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare Private Ltd. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Phone No. : 040-67162222 Fax No. : 040-23001153

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	<ul style="list-style-type: none"> <li>Deposits</li> <li>Loans</li> <li>Investments and foreign exchange</li> </ul>	Section K : Financial and Insurance activities Code : 64191	Not applicable

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Axis Asset Management Company Limited	U65991MH2009PLC189558	Subsidiary	74.99%	2(87)(ii)
2	Axis Bank UK Limited	7554558	Foreign Subsidiary	100%	2(87)(ii)
3	Axis Capital Limited	U51900MH2005PLC157853	Subsidiary	100%	2(87)(ii)
4	Axis Finance Limited	U65921MH1995PLC212675	Subsidiary	100%	2(87)(ii)
5	Axis Mutual Fund Trustee Limited	U66020MH2009PLC189325	Subsidiary	74.86%	2(87)(ii)
6	Axis Private Equity Limited	U66020MH2006PLC165039	Subsidiary	100%	2(87)(ii)
7	Axis Securities Limited	U74992MH2006PLC163204	Subsidiary	100%	2(87)(ii)
8	Axis Trustee Services Limited	U74999MH2008PLC182264	Subsidiary	100%	2(87)(ii)
9	Axis Securities Europe Limited	5540630	Foreign Step-down Subsidiary	100%	2(87)(ii)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital breakup as percentage of Total Equity)

**Note:** The shareholders at the 20<sup>th</sup> Annual General Meeting of the Bank held on 27<sup>th</sup> June 2014 had approved the sub-division of one equity share having a face value of ₹10 each into five equity shares of face value of ₹2 each. The shareholding has been adjusted to reflect the said sub-division.

##### I) Category-wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/Fl	69,39,11,965	-	69,39,11,965	29.54	66,20,93,177	-	66,20,93,177	27.93	(1.61)
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>69,39,11,965</b>	<b>-</b>	<b>69,39,11,965</b>	<b>29.54</b>	<b>66,20,93,177</b>	<b>-</b>	<b>66,20,93,177</b>	<b>27.93</b>	<b>(1.61)</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>69,39,11,965</b>	<b>-</b>	<b>69,39,11,965</b>	<b>29.54</b>	<b>66,20,93,177</b>	<b>-</b>	<b>66,20,93,177</b>	<b>27.93</b>	<b>(1.61)</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	8,59,34,895	-	8,59,34,895	3.66	15,55,10,061	-	15,55,10,061	6.56	2.90
b) Banks/Fl	13,24,410	-	13,24,410	0.06	13,77,755	-	13,77,755	0.06	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	14,73,08,560	-	14,73,08,560	6.27	14,50,74,071	-	14,50,74,071	6.12	(0.15)
g) FIs	1,14,50,74,925	-	1,14,50,74,925	48.74	1,10,56,36,277	-	1,10,56,36,277	46.64	(2.10)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Qualified Foreign Investor - Corporate)	19,57,475	-	19,57,475	0.08	-	-	-	-	(0.08)
<b>Sub-total (B)(1):-</b>	<b>1,38,16,00,265</b>	<b>-</b>	<b>1,38,16,00,265</b>	<b>58.81</b>	<b>1,40,75,98,164</b>	<b>-</b>	<b>1,40,75,98,164</b>	<b>59.38</b>	<b>(0.57)</b>
<b>(2) Non-Institutions</b>									
a) Bodies Corp.	2,60,61,030	78,65,550	3,39,26,580	1.44	3,37,57,118	68,050	3,38,25,168	1.43	(0.01)
i. Indian	-	-	-	-	-	-	-	-	-
ii. Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	7,29,79,950	1,05,65,530	8,35,45,480	3.56	8,83,20,215	93,23,248	9,76,43,463	4.12	0.56
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	5,28,45,830	1,39,120	5,29,84,950	2.26	6,28,09,489	67,500	6,28,76,989	2.65	0.39

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
c) Others									
i. HUF	13,49,125	-	13,49,125	0.06	19,83,163	-	19,83,163	0.08	0.02
ii. Trusts	41,08,515	-	41,08,515	0.17	56,13,509	-	56,13,509	0.24	0.07
iii. Clearing Members	1,46,76,310	-	1,46,76,310	0.62	53,58,119	-	53,58,119	0.23	(0.39)
iv. NRIs	43,51,490	-	43,51,490	0.19	49,88,533	-	49,88,533	0.21	0.02
v. Foreign Bodies – DR	21,52,820	-	21,52,820	0.09	3,12,194	-	3,12,194	0.01	(0.08)
vi. Foreign Bank	46,370	-	46,370	-	1,46,195	-	1,46,195	0.01	0.01
vii. Foreign Nationals	-	-	-	-	500	-	500	-	-
<b>Sub-total (B)(2):-</b>	<b>17,85,71,440</b>	<b>1,85,70,200</b>	<b>19,71,41,640</b>	<b>8.39</b>	<b>20,32,89,035</b>	<b>94,58,798</b>	<b>21,27,47,833</b>	<b>8.97</b>	<b>0.58</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>1,56,01,71,705</b>	<b>1,85,70,200</b>	<b>1,57,87,41,905</b>	<b>67.20</b>	<b>1,61,08,87,199</b>	<b>94,58,798</b>	<b>1,62,03,45,997</b>	<b>68.35</b>	<b>1.15</b>
<b>C. Shares held by Custodian for GDRs</b>	7,65,68,895	-	7,65,68,895	3.26	8,80,83,025	-	8,80,83,025	3.72	0.46
<b>Grand Total (A+B+C)</b>	<b>2,33,06,52,565</b>	<b>1,85,70,200</b>	<b>2,34,92,22,765</b>	<b>100.00</b>	<b>2,36,10,63,401</b>	<b>94,58,798</b>	<b>2,37,05,22,199</b>	<b>100.00</b>	

(ii) Shareholding of Promoters

Sr No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of shares	% of total shares of the Bank	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Bank	% of shares pledged/ encumbered to total shares	
1	Administrator of the Specified Undertaking of the Unit Trust of India - (SUUTI)	27,48,40,905	11.70	-	27,48,40,905	11.59	-	(0.11)
2	Life Insurance Corporation of India	31,98,93,555	13.62	-	29,60,75,087	12.49	-	(1.13)
3	General Insurance Corporation of India	4,12,65,495	1.76	-	3,93,21,498	1.66	-	(0.10)
4	The New India Assurance Company Limited	2,74,45,900	1.17	-	2,66,07,567	1.12	-	(0.05)
5	National Insurance Company Limited	1,71,00,285	0.73	-	1,36,75,285	0.58	-	(0.15)
6	The Oriental Insurance Company Limited	68,27,520	0.29	-	62,30,020	0.26	-	(0.03)
7	United India Insurance Company Limited	65,38,305	0.28	-	53,42,815	0.23	-	(0.05)

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NAME OF THE PROMOTERS	ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA (SUUTI)	LIFE INSURANCE CORPORATION OF INDIA		GENERAL INSURANCE CORPORATION OF INDIA		THE NEW INDIA ASSURANCE COMPANY LIMITED		NATIONAL INSURANCE COMPANY LIMITED		THE ORIENTAL INSURANCE COMPANY LIMITED		UNITED INDIA INSURANCE COMPANY LIMITED		
		Cumulative Shareholding during the year		Cumulative Shareholding during the year		Cumulative Shareholding during the year		Cumulative Shareholding during the year		Cumulative Shareholding during the year		Cumulative Shareholding during the year		
	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank
Date of change														
17.10.2014	274,840,905	11.65	313,088,135	13.27	39,641,498	1.68	26,707,567	1.13	15,375,285	0.65	6,255,020	0.27	5,517,815	0.23
24.10.2014	274,840,905	11.65	313,088,135	13.27	39,571,498	1.68	26,707,567	1.13	15,375,285	0.65	6,255,020	0.27	5,517,815	0.23
7.11.2014	274,840,905	11.64	311,804,471	13.21	39,521,498	1.67	26,707,567	1.13	15,375,285	0.65	6,255,020	0.27	5,517,815	0.23
14.11.2014	274,840,905	11.64	307,872,088	13.04	39,337,243	1.67	26,707,567	1.13	15,275,285	0.65	6,255,020	0.26	5,517,815	0.23
21.11.2014	274,840,905	11.64	305,207,377	12.93	39,321,498	1.67	26,707,567	1.13	15,275,285	0.65	6,255,020	0.26	5,517,815	0.23
28.11.2014	274,840,905	11.64	301,831,589	12.78	39,321,498	1.66	26,707,567	1.13	15,275,285	0.65	6,255,020	0.26	5,517,815	0.23
5.12.2014	274,840,905	11.64	300,784,811	12.73	39,321,498	1.67	26,707,567	1.13	15,060,285	0.64	6,255,020	0.26	5,517,815	0.23
12.12.2014	274,840,905	11.63	300,762,553	12.73	39,321,498	1.66	26,686,433	1.13	15,008,648	0.64	6,255,020	0.26	5,517,815	0.23
19.12.2014	274,840,905	11.63	300,632,553	12.72	39,321,498	1.66	26,676,433	1.13	14,975,285	0.63	6,255,020	0.26	5,517,815	0.23
31.12.2014	274,840,905	11.63	299,866,117	12.69	39,321,498	1.66	26,611,433	1.13	14,975,285	0.63	6,255,020	0.26	5,517,815	0.23
2.01.2015	274,840,905	11.63	299,405,073	12.67	39,321,498	1.66	26,607,567	1.13	14,975,285	0.63	6,255,020	0.26	5,517,815	0.23
9.01.2015	274,840,905	11.63	299,035,073	12.65	39,321,498	1.66	26,607,567	1.13	14,975,285	0.63	6,255,020	0.26	5,477,815	0.23
16.01.2015	274,840,905	11.63	298,356,504	12.62	39,321,498	1.66	26,607,567	1.13	14,875,285	0.63	6,255,020	0.26	5,477,815	0.23
23.01.2015	274,840,905	11.63	296,895,690	12.56	39,321,498	1.66	26,607,567	1.13	14,795,285	0.63	6,255,020	0.26	5,432,815	0.23
30.01.2015	274,840,905	11.62	296,675,690	12.55	39,321,498	1.66	26,607,567	1.13	14,775,285	0.62	6,255,020	0.26	5,382,815	0.23
6.02.2015	274,840,905	11.62	296,465,175	12.54	39,321,498	1.66	26,607,567	1.13	14,775,285	0.62	6,255,020	0.26	5,342,815	0.23
20.02.2015	274,840,905	11.61	296,395,175	12.53	39,321,498	1.66	26,607,567	1.12	14,775,285	0.62	6,255,020	0.26	5,342,815	0.23
6.03.2015	274,840,905	11.61	296,075,087	12.51	39,321,498	1.66	26,607,567	1.12	14,775,285	0.62	6,230,020	0.26	5,342,815	0.23
20.03.2015	274,840,905	11.60	296,075,087	12.50	39,321,498	1.66	26,607,567	1.12	14,597,762	0.62	6,230,020	0.26	5,342,815	0.23
27.03.2015	274,840,905	11.60	296,075,087	12.49	39,321,498	1.66	26,607,567	1.12	13,835,285	0.58	6,230,020	0.26	5,342,815	0.23
31.03.2015	274,840,905	11.59	296,075,087	12.49	39,321,498	1.66	26,607,567	1.12	13,675,285	0.58	6,230,020	0.26	5,342,815	0.23
At the end of the year	274,840,905	11.59	296,075,087	12.49	39,321,498	1.66	26,607,567	1.12	13,675,285	0.58	6,230,020	0.26	5,342,815	0.23

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NAME OF THE TOP TEN SHARE-HOLDERS	EUROPACIFIC GROWTH FUND		CENTAURA INVESTMENTS (MAURITIUS) PTE. LIMITED		ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED		GENESIS INDIAN INVESTMENT COMPANY LIMITED -GENERAL SUB FUND		LAZARD ASSET MANAGEMENT LLC A/C LAZARD EMERGING MARKETS PORTFOLIO		NEW WORLD FUND INC		GOVERNMENT PENSION FUND GLOBAL		AMERICAN FUNDS INSURANCE SERIES INTERNATIONAL FUND		CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED		VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUND		
	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	
Date of change																					
22.08.2014	116,124,320	4.92	35,167,720	1.49	51,840,313	2.20	42,503,420	1.80	33,237,161	1.41	23,914,560	1.01	27,965,345	1.19	31,635,670	1.34			26,808,245	1.14	
29.08.2014	116,124,320	4.92	35,167,720	1.49	52,900,029	2.24	42,503,420	1.80	33,237,161	1.41	23,914,560	1.01	29,894,766	1.27	31,635,670	1.34			26,808,245	1.14	
5.09.2014	116,124,320	4.92	33,306,190	1.41	53,660,617	2.28	42,503,420	1.80	33,237,161	1.41	23,914,560	1.01	29,913,527	1.27	31,635,670	1.34			26,808,245	1.14	
12.09.2014	116,124,320	4.92	32,156,320	1.36	53,859,373	2.28	42,503,420	1.80	33,237,161	1.41	23,914,560	1.01	26,914,246	1.14	31,635,670	1.34			26,981,025	1.14	
19.09.2014	116,124,320	4.92	32,156,320	1.36	54,223,810	2.30	42,503,420	1.80	33,237,161	1.41	23,914,560	1.01	26,914,246	1.14	29,785,670	1.26			26,981,025	1.14	
29.09.2014	116,124,320	4.92	32,156,320	1.36	54,223,810	2.30	42,503,420	1.80	33,237,161	1.41	23,914,560	1.01	26,914,246	1.14	29,785,670	1.26			21,074,626	0.89	
30.09.2014	116,124,320	4.92	32,156,320	1.36	54,362,889	2.30	39,089,736	1.66	33,237,161	1.41	22,704,560	0.96	28,078,636	1.19	28,819,004	1.22					
3.10.2014	116,124,320	4.92	32,156,320	1.36	54,200,328	2.30	37,344,308	1.58	33,237,161	1.41	22,704,560	0.96	28,078,636	1.19	28,819,004	1.22					
10.10.2014	114,339,320	4.85	32,156,320	1.36	54,521,244	2.31	33,446,420	1.42	33,237,161	1.41	19,784,560	0.84	28,078,636	1.19	24,926,004	1.06					
17.10.2014	114,339,320	4.85	32,156,320	1.36	54,567,981	2.31	32,614,254	1.38	33,237,161	1.41			28,078,636	1.19	24,926,004	1.06					
24.10.2014	114,339,320	4.84	32,156,320	1.36	54,626,496	2.31	26,155,190	1.11	33,237,161	1.41			28,078,636	1.19	24,926,004	1.06					
31.10.2014	114,339,320	4.84	32,156,320	1.36	54,645,586	2.32	25,223,650	1.07	33,237,161	1.41			28,578,636	1.21	24,048,807	1.02					
7.11.2014	114,339,320	4.84	32,156,320	1.36	55,151,697	2.34	25,223,650	1.07	33,237,161	1.41			28,578,636	1.21	22,781,004	0.97					
14.11.2014	114,339,320	4.84	31,906,320	1.35	54,951,771	2.33	25,223,650	1.07	33,237,161	1.41			28,578,636	1.21	22,781,004	0.96					
21.11.2014	114,339,320	4.84	31,361,320	1.33	54,936,070	2.33	25,223,650	1.07	33,237,161	1.41			28,578,636	1.21	22,781,004	0.96					
28.11.2014	114,339,320	4.84	27,426,320	1.16	54,492,439	2.31	25,223,650	1.07	33,237,161	1.41			28,563,771	1.21	22,781,004	0.96					
5.12.2014	114,339,320	4.84	26,856,320	1.14	54,367,051	2.30	25,223,650	1.07	33,237,161	1.41			28,543,764	1.21	22,781,004	0.96					
12.12.2014	113,839,320	4.82	26,856,320	1.14	53,622,326	2.27	25,223,650	1.07	33,237,161	1.41			27,146,373	1.15	22,781,004	0.96					
19.12.2014	113,477,854	4.80	26,856,320	1.14	53,426,870	2.26	25,223,650	1.07	33,237,161	1.41			24,910,831	1.05	22,781,004	0.96					
31.12.2014	111,524,315	4.72	26,856,320	1.14	53,304,920	2.26	25,223,650	1.07	33,237,161	1.41			24,910,831	1.05	22,781,004	0.96					
2.01.2015	111,524,315	4.72	26,856,320	1.14	53,273,640	2.25	25,223,650	1.07	33,237,161	1.41			24,910,831	1.05	22,781,004	0.96					
9.01.2015	110,849,320	4.69	26,856,320	1.14	53,219,773	2.25	25,223,650	1.07	33,237,161	1.41			24,910,831	1.05	22,781,004	0.96					
16.01.2015	107,117,415	4.53	26,856,320	1.14	53,233,206	2.25	25,223,650	1.07	33,237,161	1.41			24,910,831	1.05	22,781,004	0.96					
23.01.2015	105,542,069	4.46	26,856,320	1.14	53,184,533	2.25	25,223,650	1.07	33,237,161	1.41			24,859,010	1.05	22,449,912	0.95					
30.01.2015	104,167,415	4.41	26,856,320	1.14	51,673,497	2.19	25,223,650	1.07	33,237,161	1.41			24,859,010	1.05	22,161,004	0.94					
6.02.2015	104,167,415	4.41	26,856,320	1.14	51,246,941	2.17	25,223,650	1.07	33,237,161	1.41			24,859,010	1.05	22,161,004	0.94					
13.02.2015	104,167,415	4.40	26,856,320	1.14	51,179,968	2.16	25,223,650	1.07	33,237,161	1.40			24,859,010	1.05	22,161,004	0.94					
20.02.2015	104,167,415	4.40	26,856,320	1.13	51,130,168	2.16	25,223,650	1.07	33,237,161	1.40			24,617,062	1.04	22,161,004	0.94					
27.02.2015	104,167,415	4.40	26,856,320	1.13	51,993,275	2.20	25,223,650	1.07	33,237,161	1.40			24,371,448	1.03	22,161,004	0.94					
6.03.2015	104,167,415	4.40	26,856,320	1.13	53,359,564	2.25	25,223,650	1.07	33,237,161	1.40			24,371,448	1.03	22,161,004	0.94					

NAME OF THE TOP TEN SHARE-HOLDERS	EUROPACIFIC GROWTH FUND		CENTAURA INVESTMENTS (MAURITIUS) PTE. LIMITED		ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED		GENESIS INDIAN INVESTMENT COMPANY LIMITED -GENERAL SUB FUND		LAZARD ASSET MANAGEMENT LLC A/C LAZARD EMERGING MARKET'S PORTFOLIO		NEW WORLD FUND INC		GOVERNMENT PENSION FUND GLOBAL		AMERICAN FUNDS INSURANCE SERIES INTERNATIONAL FUND		CITIGROUP GLOBAL MARKET'S MAURITIUS PRIVATE LIMITED		VANGUARD EMERGING MARKET'S STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUND		
	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	
Date of change																					
	13.03.2015	104,167,415	4.40	26,856,320	1.13	52,949,168	2.24	25,223,650	1.07	33,237,161	1.40			24,307,448	1.03	21,163,042	0.89				
	20.03.2015	104,167,415	4.40	26,856,320	1.13	53,107,073	2.24	25,223,650	1.06	33,237,161	1.40			24,395,329	1.03	18,832,249	0.79				
	27.03.2015	104,167,415	4.40	26,856,320	1.13	53,519,687	2.26	25,223,650	1.06	33,237,161	1.40			24,533,720	1.04	18,832,249	0.79				
	31.03.2015	104,167,415	4.39	26,856,320	1.13	53,772,825	2.27	25,223,650	1.06	33,237,161	1.40			24,522,713	1.03	18,832,249	0.79				
	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	
At the end of the year or details at the date of separation	104,167,415	4.39	26,856,320	1.13	53,772,825	2.27	25,223,650	1.06	33,237,161	1.40	19,784,560	0.84	24,522,713	1.03	18,832,249	0.79	21,423,305	0.91	21,074,626	0.89	

**Note : Date of Separation of the following shareholders from top ten shareholders are :**

1. Citigroup Global Markets Mauritius Private Limited - 23<sup>rd</sup> May 2014
2. Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund - 3<sup>rd</sup> October 2014
3. New World Fund INC - 17<sup>th</sup> October 2014

(v) **Shareholding of Directors and Key Managerial Personnel:**

NAME OF THE DIRECTORS AND KEY MANAGERIAL PERSONNEL	SHIKHA SHARMA		V. SRINIVASAN		SANJEEV KUMAR GUPTA		SOMNATH SENGUPTA (NOTE)		V R KAUNDINYA		SANJEEV KAPOOR	
	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank
At the beginning of the year	187,500	0.01	217,500	0.01	29,615	0.00	75,020	0.00	5,000	0	0	0
	Cumulative Shareholding during the year		Cumulative Shareholding during the year		Cumulative Shareholding during the year		Cumulative Shareholding during the year		Cumulative Shareholding during the year		Cumulative Shareholding during the year	
Date of change	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank
	187,500	0.01	217,500	0.01	29,615	0.01	180,020	0.01	5,000	0.00	0	0
	212,500	0.01	217,500	0.01	29,615	0.01	251,400	0.01	5,000	0.00	0	0
	212,500	0.01	217,500	0.01	29,615	0.01	201,400	0.01	5,000	0.00	0	0
	212,500	0.01	217,500	0.01	29,615	0.01	151,400	0.01	5,000	0.00	0	0
	212,500	0.01	217,500	0.01	29,615	0.01	111,400	0.00	5,000	0.00	0	0
	212,500	0.01	217,500	0.01	29,615	0.01	101,400	0.00	5,000	0.00	0	0
	187,500	0.01	217,500	0.01	29,615	0.01	91,400	0.00	5,000	0.00	0	0
	137,500	0.01	217,500	0.01	29,615	0.01	81,400	0.00	5,000	0.00	0	0
	137,500	0.01	217,500	0.01	29,615	0.01	78,900	0.00	5,000	0.00	0	0
	137,500	0.01	217,500	0.01	29,615	0.01	183,900	0.01	5,000	0.00	0	0
	23.5.2014	12,500	0.00	217,500	0.01	29,615	0.01	183,900	0.01	5,000	0.00	0
26.5.2014	0	0.00	217,500	0.01	29,615	0.01	183,900	0.01	5,000	0.00	0	

NAME OF THE DIRECTORS AND KEY MANAGERIAL PERSONNEL	SHIKHA SHARMA		V. SRINIVASAN		SANJEEV KUMAR GUPTA		SOMNATH SENGUPTA (NOTE)		V R KAUNDINIYA		SANJEEV KAPOOR	
	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank
<b>Date of change</b>												
2.6.2014	262,500	0.01	217,500	0.01	29,615	0.01	173,900	0.01	5,000	0.00	0	0
3.6.2014	262,500	0.01	217,500	0.01	29,615	0.01	168,900	0.01	5,000	0.00	0	0
4.6.2014	262,500	0.01	217,500	0.01	29,615	0.01	158,900	0.01	5,000	0.00	0	0
5.6.2014	262,500	0.01	217,500	0.01	19,615	0.00	158,900	0.01	5,000	0.00	0	0
6.6.2014	262,500	0.01	217,500	0.01	14,615	0.00	153,900	0.01	5,000	0.00	0	0
10.6.2014	262,500	0.01	217,500	0.01	14,615	0.00	203,900	0.01	5,000	0.00	0	0
24.7.2014	262,500	0.01	217,500	0.01	14,615	0.00	201,400	0.01	5,000	0.00	0	0
25.7.2014	262,500	0.01	217,500	0.01	14,615	0.00	188,485	0.01	5,000	0.00	0	0
31.7.2014	262,500	0.01	217,500	0.01	14,615	0.00	168,485	0.01	5,000	0.00	0	0
18.8.2014	262,500	0.01	217,500	0.01	14,615	0.00	83,485	0.00	5,000	0.00	0	0
27.8.2014	200,000	0.01	217,500	0.01	14,615	0.00			5,000	0.00	0	0
1.9.2014	200,000	0.01	255,000	0.01	14,615	0.00			5,000	0.00	0	0
2.9.2014	120,000	0.01	255,000	0.01	14,615	0.00			5,000	0.00	0	0
8.9.2014	200,000	0.01	255,000	0.01	14,615	0.00			5,000	0.00	0	0
10.9.2014	200,000	0.01	255,000	0.01	2,615	0.00			5,000	0.00	0	0
22.9.2014	200,000	0.01	255,000	0.01	23,515	0.00			5,000	0.00	0	0
21.10.2014	100,000	0.00	255,000	0.01	23,515	0.00			5,000	0.00	0	0
27.10.2014	200,000	0.01	255,000	0.01	45,565	0.00			5,000	0.00	0	0
11.11.2014	150,000	0.01	255,000	0.01	35,565	0.00			5,000	0.00	0	0
14.11.2014	130,000	0.01	255,000	0.01	35,565	0.00			5,000	0.00	0	0
17.11.2014	250,000	0.01	255,000	0.01	40,565	0.00			5,000	0.00	0	0
5.12.2014	250,000	0.01	255,000	0.01	25,565	0.00			5,000	0.00	0	0
9.12.2014	250,000	0.01	255,000	0.01	20,565	0.00			5,000	0.00	0	0
16.12.2014	250,000	0.01	255,000	0.01	50,565	0.00			5,000	0.00	0	0
19.1.2015	250,000	0.01	255,000	0.01	40,565	0.00			5,000	0.00	0	0
20.1.2015	250,000	0.01	255,000	0.01	35,565	0.00			5,000	0.00	0	0
22.1.2015	250,000	0.01	255,000	0.01	30,565	0.00			5,000	0.00	0	0
27.1.2015	250,000	0.01	255,000	0.01	50,565	0.00			5,000	0.00	0	0
29.1.2015	250,000	0.01	255,000	0.01	45,565	0.00			5,000	0.00	0	0
30.1.2015	150,000	0.01	255,000	0.01	45,565	0.00			5,000	0.00	0	0
2.2.2015	50,000	0.00	255,000	0.01	55,565	0.00			5,000	0.00	0	0
9.2.2015	250,000	0.01	255,000	0.01	67,565	0.00			5,000	0.00	0	0
2.3.2015	150,000	0.01	205,000	0.01	52,565	0.00			5,000	0.00	0	0
9.3.2015	350,000	0.01	290,000	0.01	52,565	0.00			5,000	0.00	0	0
16.3.2015	350,000	0.01	370,000	0.02	52,565	0.00			5,000	0.00	0	0
30.3.2015	350,000	0.01	437,500	0.02	75,565	0.00			5,000	0.00	0	0
<b>At the end of the year</b>	350,000	0.01	437,500	0.02	75,565	0.00	83,485	0	5,000	0.00	0	0

Note : Shri Somnath Sengupta, Executive Director of the Bank had opted for early retirement and accordingly retired, as such with effect from 1<sup>st</sup> September 2014.

## V. INDEBTEDNESS

Indebtedness of the Bank including interest outstanding/accrued but not due for payment

(₹ in crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	50,290.94	-	50,290.94
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	585.43	-	585.43
<b>Total (i+ii+iii)</b>	-	50,876.37	-	50,876.37
<b>Change in Indebtedness during the financial year</b>				
Addition	96,785.23	1,55,174.63	-	2,51,959.86
Reduction	(96,785.23)	(1,25,374.74)	-	(2,22,159.97)
<b>Net Change</b>	-	29,799.89	-	29,799.89
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	79,758.27	-	79,758.27
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	917.99	-	917.99
<b>Total (i+ii+iii)</b>	-	80,676.26	-	80,676.26

### Notes:

- Deposits accepted by the Bank are in normal course of banking business and an operating activity of the Bank and hence not included in the indebtedness disclosure.
- Principal amount represents outstanding balance of borrowings as reported in financial statements as of the beginning and end of the financial year.
- Additions also include the effect of exchange rate fluctuation and net change in interest accrued but not due between the beginning of financial year and the end of financial year.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Shikha Sharma	V. Srinivasan	Somnath Sengupta (upto 1.9.2014)	Sanjeev K. Gupta (from 4.9.2014)*	
1	Gross salary					
	(a) Salary as per provisions contained u/s 17(1) of the Income-Tax Act, 1961	3,76,35,134	2,40,92,028	2,12,66,176	75,22,099	9,05,15,437

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Shikha Sharma	V. Srinivasan	Somnath Sengupta (upto 1.9.2014)	Sanjeev K. Gupta (from 4.9.2014)*	
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	41,47,447 (Exclusive ESOP Perks)	5,12,181 (Exclusive ESOP Perks)	16,68,513 (Exclusive ESOP Perks)	8,45,692 (Exclusive ESOP Perks)	<b>71,73,833</b>
	(c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961	-	-	2,22,14,819 (Gratuity)	-	<b>2,22,14,819</b>
2	Stock Options	1,125,000	6,25,000	5,00,000	-	<b>22,50,000</b>
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	-	-	-	-	-
	- others	-	-	-	-	-
5	Others					
	<b>Total (A)</b>	<b>4,17,82,581</b>	<b>2,46,04,209</b>	<b>4,51,49,508</b>	<b>83,67,791</b>	<b>11,99,04,089</b>
	Ceiling as per the Act**	-	-	-	-	-

\*Shri Sanjeev K. Gupta was President & Chief Financial Officer till 3<sup>rd</sup> September 2014 and took charge as Executive Director (Corporate Centre) & Chief Financial Officer of the Bank, with effect from 4<sup>th</sup> September 2014.

\*\* In terms of provisions of the Banking Regulation Act, 1949, the provisions relating to Managerial Remuneration under the Companies Act, 2013 and Rules made thereunder are not applicable to the Bank.

#### B. Remuneration to other Directors:

(in ₹)

Sr. No.	Particulars of Remuneration to Independent Directors	V R Kaundinya	S B Mathur (upto 30.9.2014)	Prasad R Menon	Samir Barua	Som Mittal	Ireena Vittal	Rohit Bhagat	S Vishvanathan	Total Amount
1	Fee for attending board / committee meetings	15,60,000	8,00,000	12,30,000	18,30,000	7,00,000	5,60,000	4,60,000	50,000	<b>71,90,000</b>
2	Commission	-	-	-	-	-	-	-	-	-
3	Others	-	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>15,60,000</b>	<b>8,00,000</b>	<b>12,30,000</b>	<b>18,30,000</b>	<b>7,00,000</b>	<b>5,60,000</b>	<b>4,60,000</b>	<b>50,000</b>	<b>71,90,000</b>

(in ₹)

Sr. No.	Particulars of Remuneration to other Non-Executive Directors	Sanjiv Misra*	K N Prithviraj	R N Bhattacharyya (upto 28.6.2014)	Usha Sangwan	Total Amount
1	Fee for attending board / committee meetings	7,10,000	18,10,000	1,40,000	3,10,000	29,70,000
2	Commission	-	-	-	-	-
3	Others	26,47,516	-	-	-	26,47,516
	<b>Total (2)</b>	<b>33,57,516</b>	<b>18,10,000</b>	<b>1,40,000</b>	<b>3,10,000</b>	<b>56,17,516</b>
	<b>Total (B)=(1+2)</b>					<b>1,28,07,516</b>
	<b>Total Managerial Remuneration (A+B)</b>					<b>13,27,11,605</b>

\* In terms of approval granted by Ministry of Corporate Affairs u/s. 309 (4) of the Companies Act, 1956.

### C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(in ₹)

Sr. No.	Particulars of Remuneration	Sanjeev K Gupta (from 1.4.2014 to 3.9.2014) President & Chief Financial Officer	Sanjeev Kapoor Company Secretary	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in u/s 17(1) of the Income-Tax Act, 1961	95,11,887	55,33,125	<b>1,50,45,012</b>
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	6,20,708	21,600	<b>6,42,308</b>
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Options	1,75,000	5,000	<b>1,80,000</b>
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others	-	-	-
5	Others	-	-	-
	<b>Total</b>	<b>1,01,32,595</b>	<b>55,54,725</b>	<b>1,56,87,320</b>

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (Regional Director/National Company Law Tribunal/Court)	Appeal made
<b>A. Company</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. Directors</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. Other Officers in Default</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



## ANNEXURE III

### **Disclosure on remuneration pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014**

The information relating to managerial remuneration in terms of Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are detailed as under: –

- (i) The ratio of the remuneration of each Whole Time Director of the Bank to the median remuneration of the employees of the Bank for the financial year 2014-15;

Ratio of the remuneration of each Whole Time Director of the Bank to the median remuneration of the employees (excluding front line sales force) of the Bank are, Smt. Shikha Sharma - Managing Director & CEO) ratio is 1:74.2, Shri V. Srinivasan - Executive Director & Head (Corporate Banking) ratio is 1:47.3, Shri Sanjeev K. Gupta - Executive Director (Corporate Centre) & CFO ratio is 1:30.3.

Note - Information is only in respect of Whole Time Directors who are on rolls of the Bank as on 31<sup>st</sup> March 2015.

- (ii) The percentage increase in remuneration of each Whole Time Director, and the Company Secretary of the Bank, during the financial year 2014-15, are as under;

Percentage increase in remuneration for Smt. Shikha Sharma - Managing Director & CEO was 15%, Shri V. Srinivasan - Executive Director & Head (Corporate Banking) was 14%, Shri Sanjeev K. Gupta\* [on his appointment as the Executive Director (Corporate Centre) & CFO] was 25% and that of Shri Sanjeev Kapoor (Company Secretary) was 12%.

\* was appointed as the Whole Time Director of the Bank w.e.f. 4<sup>th</sup> September 2014.

- (iii) The percentage increase in the median remuneration of employees of the Bank during the financial year;

Median remuneration of employees of the Bank increased by 6.16% during the financial year 2014-15, as compared to the financial year 2013-14.

- (iv) The number of permanent employees on the rolls of the Bank;

The Bank had 42,230 permanent employees on its rolls as on 31<sup>st</sup> March 2015.

- (v) The explanation on the relationship between average increase in remuneration and Company performance;

The Bank's performance management and compensation philosophies are structured to support the achievement of the Bank's strategic business objectives. These strategic priorities are cascaded through annualised objectives to the employees. Based on the Bank's performance, individual performance, market benchmarks on compensation and attrition trends, compensation strategy including increment benchmarks are proposed by the Nomination and Remuneration Committee of the Directors of the Bank for adoption by the Bank.

- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Bank;

As stated earlier, the Bank's performance management and compensation philosophies are structured to support the achievement of the Bank's strategic business objectives.

The Bank follows the balanced scorecard approach/KRA in designing its performance management system. Adequate attention is given to robust goal setting process to ensure alignment of individual objectives to support the achievement of business strategy, financial and non-financial goals across and through the organization. The non-financial goals for employees includes customer service, process improvement, adherence to risk and compliance norms, self-capability development and behaviours such as integrity and team management.

Accordingly, the remuneration for Key Managerial Personnel has been decided based on the above parameters.

- (vii) Variations in the market capitalization of the Bank, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with the last public offer in case of listed companies.

#### **Variation in market capitalization**

As on 31<sup>st</sup> March 2015, the market capitalization of the Bank was ₹132,797 crores (based on the closing price of Bank's Equity Shares on the NSE on 31<sup>st</sup> March 2015) as compared to ₹68,621 crores at the end of 31<sup>st</sup> March 2014, representing an increase of 93.52%. The Price Earning Ratio for the Bank's equity as on 31<sup>st</sup> March 2015 was 17.97 compared to 11.02 on 31<sup>st</sup> March 2014, representing an increase of 63.07%.

In the past, the Bank had come out with initial public offering in 1998 at price of ₹21 per equity share of face value of ₹10/- each, including premium of ₹11 per equity share.

- (viii) Average percentile increase already made in the salaries of employees of the Bank other than its Managerial Personnel (viz. Whole Time Directors of the Bank) during the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

Average remuneration increase for Non Managerial Personnel of the Bank during the financial year was 8% and the average remuneration increase for the said Managerial Personnel of the Bank was around 15% (exception being the remuneration paid to Shri Sanjeev K. Gupta on his appointment as the Executive Director (Corporate Centre) & CFO of the Bank, w.e.f. 4<sup>th</sup> September 2014.

Remuneration increase is dependent on the Bank's performance as a whole, individual performance level and also market benchmarks.

- (ix) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Bank;

The Bank's performance management and compensation philosophies are structured to support the achievement of the Bank's on-going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. These strategic priorities are cascaded through annualised objectives to the employees.

The Bank follows the balanced scorecard approach in designing its performance management system. Adequate attention is given to robust goal setting process to ensure alignment of individual objectives to support the achievement of business strategy, financial and non-financial goals across and through the organization. The non-financial goals for employees includes customer service, process improvement, adherence to risk and compliance norms, self-capability development and behavior's such as integrity and team management.

The remuneration is decided taking into account the Bank's performance, individual performance and market benchmarks. The same is first approved by the Nomination and Remuneration Committee of the Board of Directors and thereafter it is recommended to the Board for its approval.

Further, it is imperative to note that the terms and conditions relating to the appointment including remuneration payable to the Whole Time Directors of the Bank and any revision thereof, is subject to prior approval of the Reserve Bank of India (RBI) in accordance with the relevant provisions of the Banking Regulation Act, 1949, as amended, from time to time.

Accordingly, the increase in the remuneration for the financial year 2014-15 for Smt. Shikha Sharma (Managing Director & CEO) was 15%, Shri V. Srinivasan – Executive Director & Head (Corporate Banking) was 14%, Shri Sanjeev K. Gupta – Executive Director (Corporate Centre) & CFO was 25% (on his appointment as Executive Director as aforesaid) and Shri Sanjeev Kapoor (Company Secretary) was 12%.

- (x) The key parameters for any variable component of remuneration availed by the Whole Time Directors of the Bank;

Key parameters include the financial parameters, compliance parameters, risk and control aspects, process and people deliverables.

- Percentage of variable pay for the CEO/WTDs to be capped at 70% of fixed pay (in terms of the RBI guidelines)
- If the variable pay exceeds 40% of their fixed pay, then 45% of such variable pay is deferred proportionately over a period of three years.

- (xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

Not Applicable.

- (xii) Affirmation that the remuneration is as per the Remuneration Policy of the Bank.

Remuneration Policy which has been approved by the Nomination and the Remuneration Committee of the Board of Directors of the Bank, is in line with Risk Alignment Policy Guidelines issued by the RBI. The remuneration has been paid as per the Remuneration Policy of the Bank.

## ANNEXURE IV

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### MACRO-ECONOMIC ENVIRONMENT

India's macro-economic environment has improved across various parameters compared to the previous fiscal 2014, with low stable inflation, lower fiscal deficit, lower current account deficit, higher foreign exchange reserves and a stable currency. An electoral victory reflecting a strong political mandate for economic change along with the improved macro-economic situation has inspired optimism of an economic revival, leading to an improved sentiment on the ground.

The Central Statistical Organisation has made changes to the methodology of estimating India's GDP in line with the International Standards. Based on this methodology the GDP is projected to grow at 7.4% in fiscal 2015.

Fiscal consolidation continues apace, with the Union Government committed to meeting its earlier fiscal deficit target of 4.1%. Together with the sharp drop in CPI inflation of 5.17% in March 2015 from 8.25% in March 2014, RBI had sufficient confidence in the inflation management efforts to start a rate easing cycle, cutting its policy rate by 50 bps in the year to 7.5%. The new flexible inflation targeting Monetary Policy Framework is also expected to anchor inflation expectations.

India's potential and prospects were sufficiently attractive for it to attract foreign capital, particularly portfolio flows. This allowed RBI to replenish its foreign exchange reserves, currently over USD 340 billion through market intervention, thereby permitting the Rupee to depreciate gradually against the US Dollar over the course of the year.

The developments noted above have allowed a more co-ordinated response to revive growth. The Government had taken various steps, including initiating an auction to allocate a number of coal mines whose licenses had previously been cancelled and of spectrum for telecom companies. There have also been relaxations of clearances required, including environmental, and some process rationalisations of regulatory approvals. RBI has also changed its monetary policy stance to an easing cycle, and has cut the repo rate by 50 bps in Q4 in fiscal 2015. The transmission of these repo rate cuts had been constrained in the last quarter, given expectations of a credit demand surge and consequent tight liquidity, but has begun in the first quarter of fiscal 2016 and is likely to continue over the next few months.

Credit demand had remained weak both due to lack of new projects and low working capital demand, arising from weak commodity prices and diesel de-regulation. Within this weak credit environment, there had been a structural shift of credit demand to non-bank sources, with increasing reliance on Commercial Paper and corporate bond issues, both domestic and offshore. For fiscal 2015, deposit growth in the system was 12.8%, while credit growth was at 12.6%.

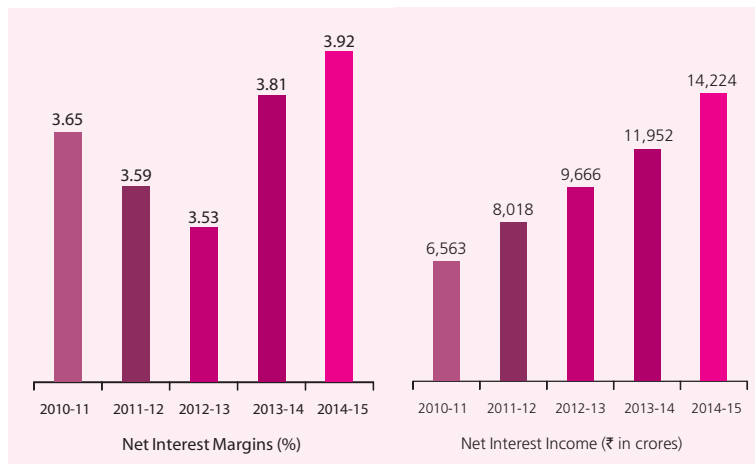
#### Prospects for Fiscal 2016

India's status as a favoured investment destination is likely to continue in fiscal 2016. Global conditions are likely to remain favourable for continuing weak commodity prices, which will provide headroom for a moderate stimulus via monetary policy easing. Rating agency Moody's has revised India's sovereign ratings outlook upwards. However, there is likely to be the risk of persisting financial markets volatility as global central banks embark on asymmetric monetary policy strategies. India is perhaps better prepared to deal with this turbulence as it has reigned in its twin (fiscal and current account) deficits within acceptable levels.

The immediate objective of the current Government in India is to revive capital expenditure and investment demand. The latest Budget announced a significant increase of ₹70,000 crores in investment in infrastructure during 2015-16, with a focus on railways and roads. We believe this outlay will initially help to boost public investment and thereafter have multiplier effects to catalyse demand in related ancillary sectors in the entire value chain within a few quarters. However, given the moderate capacity utilisation in the private sector and sluggish demand in many sectors, the immediate priorities for the private sector are likely to be completion of projects and tying up of fuel and other mineral inputs before significant new capacities can be considered. We expect that RBI has room to cut its policy repo rate by another 25-50 bps over fiscal 2016, given projections of inflation. Coupled with gradual economic and investment recovery and funding needs for auction proceeds, bank credit growth is likely to be in the 12-14% range in fiscal 2016, while we expect deposit growth in the range of 12-13%.

#### OVERVIEW OF FINANCIAL AND BUSINESS PERFORMANCE

The Bank's strategy to build its business upon strong customer franchises while adopting a prudent approach has continued to deliver good results. The Bank reported a net profit of ₹7,357.82 crores for the year ended 31<sup>st</sup> March 2015, registering a



growth of 18.34% over the net profit of ₹6,217.67 crores last year. The steady growth in earnings was achieved due to a much more balanced contribution across all its business segments. The Bank displayed steady growth in key balance sheet parameters for the year ended 31<sup>st</sup> March 2015. The total assets increased by 20.53% to ₹461,932 crores, total deposits increased by 14.77% to ₹322,442 crores while total advances increased by 22.17% to ₹281,083 crores.

During the year, the Bank continued to expand its network, with increased focus on the non-rural areas as last year it had significantly expanded its footprint in the rural areas. The network expansion has continued to support the steady growth in Retail and SME segments. The Bank's

digital initiatives have continued to make significant progress and remain integral towards making banking simple through the adoption of simple processes for seamless multichannel delivery.

The Bank continued to enhance its shareholder value by delivering healthy financial return ratios. Basic Earnings Per Share (EPS) was ₹31.18 compared to ₹26.51 last year, while the Diluted Earnings Per Share was ₹30.85 compared to ₹26.45 last year. Key return ratios continued to remain healthy, with Return on Equity (RoE) at 18.57% compared to 18.23% last year, and Return on Assets (RoA) at 1.83% compared to 1.78% last year. The Net Interest Margin (NIM) for the year was 3.92% compared to 3.81% last year. The asset quality remained stable with ratio of Gross NPAs to gross customer assets at 1.34%, and Net NPA ratio (Net NPAs as percentage of net customer assets) was 0.44%.

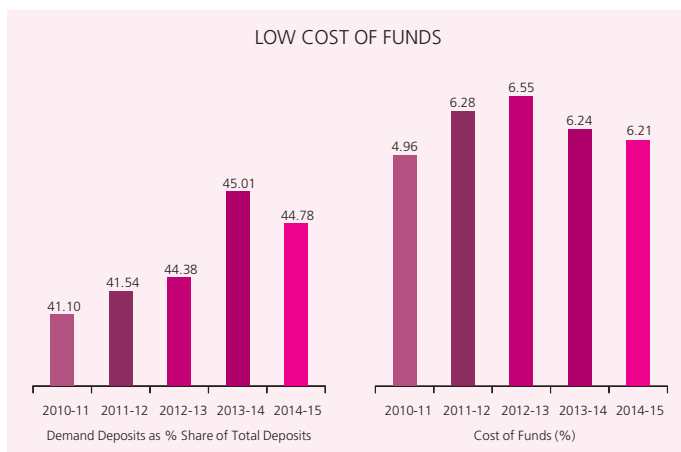
### CAPITAL MANAGEMENT

The Bank strives for continual enhancement of shareholder value by efficiently using capital in order to maximise return on equity. Aiming to achieve this objective, the Bank endeavours to develop an asset structure that will be sensitive to the importance of increasing the proportion of low risk weighted assets. The

Bank's capital management framework helps ensure an appropriate composition of capital and an optimal mix of businesses.

The Bank has implemented the Basel III capital regulation from 1<sup>st</sup> April 2013 in India in a phased manner and is to be fully implemented as on 31<sup>st</sup> March 2019. This will also align full implementation of Basel III in India closer to the internationally agreed date of 1<sup>st</sup> January 2019.

Accordingly, the Bank has computed Capital Adequacy Ratio (CAR) as on 31<sup>st</sup> March 2015 in terms of regulatory guidelines on Basel III, wherein the capital charge for operational risk is computed under the Basic Indicator Approach and the capital charge for credit and market risk is computed under the Standardised Approach. As on 31<sup>st</sup> March 2015, the Bank's CAR under Basel III was 15.09% against the minimum regulatory requirement of 9%. Of this, the Common Equity Tier I (CET I) CAR was 12.07% (against minimum regulatory requirement of 5.50%) and Tier I CAR was 12.07% (against minimum regulatory requirement of 7.00%). As on 31<sup>st</sup> March 2015, the Bank's Tier II CAR under Basel III was 3.02%. The capital adequacy ratio of the Bank computed under Basel III as on 31<sup>st</sup> March 2014 was 16.07% with CET I and Tier I CAR of 12.62% and Tier II CAR of 3.45%.



The following table sets forth the capital, risk-weighted assets and capital adequacy ratios computed as on 31<sup>st</sup> March 2015 and 31<sup>st</sup> March 2014 in accordance with the applicable RBI guidelines under Basel III.

(₹ in crores)

As on 31 <sup>st</sup> March	2015	2014
Tier I Capital	41,680.96	35,805.48
Tier II Capital	10,423.85	9,790.55
Out of which		
- Tier II capital Instruments	8,950.42	8,802.04
- Other eligible for Tier II capital	1,473.43	988.51
Total Capital qualifying for computation of Capital Adequacy Ratio	52,104.81	45,596.03
Total Risk-Weighted Assets and Contingencies	345,200.44	283,807.26
Total Capital Adequacy Ratio	15.09%	16.07%
Out of above		
- Common Equity Tier I capital ratio	12.07%	12.62%
- Tier I capital ratio	12.07%	12.62%
- Tier II capital ratio	3.02%	3.45%

## BUSINESS OVERVIEW

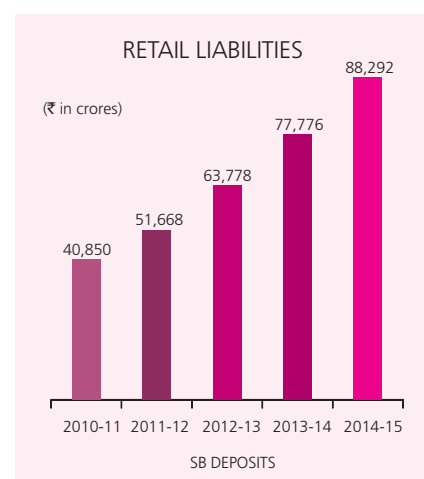
An overview of the Bank's various business segments along with their performance during financial 2014-15 and future strategies is presented below.

### RETAIL BANKING

The Retail Banking segment continues to be one of the key drivers of the Bank's overall growth strategy. It encompasses a wide array of products and services delivered through multiple channels to customers ranging across deposits, loans, investments and payment solutions. The Bank has over the years developed long-term relationships with its customers by being their preferred financial solutions partner, excelling in customer delivery through insight, superior service and smart use of technology. The Bank also focuses on meeting the financial needs of its customers by providing high quality products and services through regular customer engagement.

The Bank continues to be one of the strongest financial services brand in the country. The Bank has been rated twice in a row as the Most Trusted Private Sector Bank in the survey conducted by Brand Equity for 2013 and 2014. The Bank is the 3<sup>rd</sup> largest Indian Banking brand on Facebook and among the top 5 Global Banking brands on Social Media (Source: thefinancialbrand.com during the period October to December 2014).

The Bank pursues an effective customer segmentation strategy and has over the years built a sustainable retail deposit franchise. During the year, the Bank continued to focus on increasing its retail deposits base, particularly demand deposits. Savings Bank deposits have grown at a Compounded Annual Growth Rate (CAGR) of 21.13% over the last five years. During the year, Savings Bank deposits grew by 13.52% to ₹88,292 crores from ₹77,776 crores last year. On a daily average basis, Savings Bank deposits grew by 16.82% to ₹72,694 crores. As on 31<sup>st</sup> March 2015, the Bank had over 149.4 lac savings account customers, registering a growth of 12.56%. The Bank has also maintained its approach to widen the retail deposit base and continued its focus on increasing the share of retail term deposits. As on 31<sup>st</sup> March 2015, retail term deposits grew 26.53% to ₹106,581 crores. CASA and retail term deposits constituted 77.84% of total deposits as on 31<sup>st</sup> March 2015 compared to 75.00% last year. Domestic CASA and retail term deposits constituted 78.87% of total domestic deposits.



During the year, the Bank launched its most premium personal banking service, Burgundy, designed especially for the busy affluent HNI customer. Burgundy offers end-to-end personalised banking and wealth management solutions, along with business solutions to meet the personalised investment needs of high net worth individuals as well as the corporate advisory needs of families in business. Burgundy brings solutions offered by various business groups (both retail and corporate) within the Bank and various group entities under one integrated platform.

With the development in technology, consumer expectations have increased in terms of real-time data availability and speed of transaction. The internet and mobile banking platforms of the Bank provide customers the ease of transacting real time from the comfort of their home or office while ensuring security. Our Internet Banking user base is growing at 20% and transaction volumes are growing at 22% YoY. The Bank has also launched Internet Banking Version 2.0 for faster and better navigation, along with richer consumer experience and ease of operation. The Axis Mobile Application has also been very well adopted by customers with close to 15 lac users generating a monthly transaction value of over ₹1,500 crores.

The Bank distributes investment products such as mutual funds, Bancassurance products (life and general insurance) and online trading products through its branches. The Bank is one of the leading banking distributors of mutual funds in India and distributes mutual fund products of all major asset management companies. The fee income from this segment witnessed a robust growth of 110% during the year and contributed 12% to the total Retail Banking fees. These products are sold through the Bank's branch distribution network based on client requirements. For the Life Insurance distribution, the Bank distributes products of Max Life Insurance Company. The fee income from this segment has witnessed a growth of 5% this year and contributes 19% to total Retail Banking fees. During the year, more than 2.2 lac lives were insured, with a collection of ₹1,135.37 crores towards annual premiums. In General Insurance, the Bank has a tie-up with Tata AIG (American International Group) and during the year sold more than 3.3 lac policies and collected ₹204.5 crores of premium. The Bank offers online trading services to its customers in collaboration with Axis Securities Ltd. (a 100% subsidiary of the Bank) under the name Axis Direct - an enhanced and simplified online trading platform, which is now available to NRI customers as well. During the year, the Bank opened more than 2.2 lac online trading accounts, which helped to bring in quality accounts in terms of fee income and low cost deposit balances.

The Bank also offers a complete suite of banking and investment products under its NRI Services for Indians living and working overseas. As on 31<sup>st</sup> March 2015, the Bank's aggregate NRI deposits (Savings Bank+Term Deposits) stood at ₹41,112 crores registering a year-on-year growth of 47.05%. The Bank now offers Portfolio Investment Scheme (PIS) services across all its branches, as compared to only 49 branches in the last year. Accordingly, all branches are now authorised to issue

PIS permissions to NRIs/PIOs who want to trade in the Indian secondary markets through a registered stockbroker on a recognised Stock Exchange. The Bank has a strong focus on customer service and provides a 24x7 helpdesk for NRI customers with the facility of Toll-Free numbers from key overseas geographies.

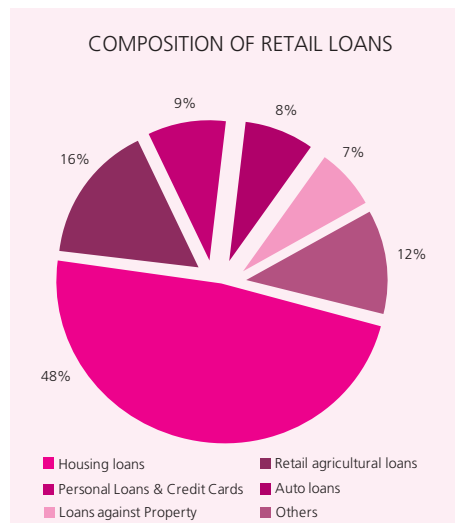
The Bank continued to increase the share of retail loans to total advances. The total retail loans portfolio of the Bank increased to ₹111,932 crores as on 31<sup>st</sup> March 2015 from ₹88,028 crores last year, registering a growth of 27.15% and constituted 39.82% of total advances as compared to 38.26% last year. The domestic retail loans were ₹105,174 crores on 31<sup>st</sup> March 2015 compared to ₹84,282 crores last year, thereby registering a growth



of 24.79%.

The three main elements of the Bank's strategy on the retail lending and payments businesses for the financial year 2014-15 were: Cross-sell to internal customers, growth in the rural lending and retail payments franchises.

During the course of the year, the reach of the retail assets business expanded to include 100% of the Bank's branches. For unsecured lending products, the





Bank focused predominantly on the existing customers of the Bank. Overall, more than 40% of incremental retail loans were sourced through branches. Existing deposit customers contributed about two-third of the incremental retail loans. The credit quality of retail loans has remained steady.

Rural agricultural lending was another focus area for the Bank. The agriculture lending business was reorganized during the year and the retail portion of the business was aligned with the existing retail loans portfolio to enable it to leverage the existing efficiencies in process and technology. It also allowed the Bank to serve the multiple needs of the farmer - both as a producer and as a consumer. In order to provide a strategic focus, the Bank has adopted an area-centric approach in agriculture intensive areas with the presence of decentralised area offices following a hub and spoke model. As on 31<sup>st</sup> March 2015, the Bank's outstanding loans in the agricultural sector grew at a healthy 32.68% to ₹17,960 crores from ₹13,537 crores last year.

The retail payments franchise is central to the retail strategy for the Bank as it leads to an increase in customer stickiness and loyalty, enabling us to increase our share of the customer's wallet. The Bank is one of the largest debit card issuers in the country, with a base of 143 lac. The Bank had 17.4 lac credit cards in force as of 31<sup>st</sup> March 2015, making it the 5<sup>th</sup> largest credit card issuer in the country. The credit cards portfolio saw a substantial increase in spends by 54%, to ₹13,536 crores from ₹8,779 crores last year. The Bank is also one of the largest acquirers of point-of-sale terminals in the country with an installed base of around 2.5 lac.

The Bank also offers products in the area of retail forex and remittance, including travel currency cards, inward and outward wire transfers, traveller's cheques and foreign currency notes, remittance facilities through online portals as well as through collaboration with correspondent banks, exchange houses and money transfer operators. The Bank has a market leadership position in Travel Currency Cards with 15 currency options other than INR being offered. Additionally, the Bank offers a Multicurrency Forex Card, aimed at frequent travellers to multiple countries. The aggregate load value on travel currency cards crossed USD 1.1 billion during the year, taking the total volume for the business since inception to over USD 5 billion. The Bank has a strong focus on developing electronic channels for remittance and has launched the facility of outward remittances through internet banking for its retail customers in over 100+ currencies. The volumes of retail remittances also rose by 18% during the year and the Bank processed outward remittances of USD 1.66 billion and inward remittance of USD 6.2 billion.

eDGE Loyalty Rewards program is a bank-wide loyalty program that rewards customers across their savings account, credit card, debit card, current account, loans and forex relationships. The Rewards program won an award for 'Champion of Champions Loyalty/CRM Program of the Year' and the 'Best Rewards Program' at the 8<sup>th</sup> Loyalty Summit organised by Kamikaze B2B Media Ltd.

The Bank regards Financial Inclusion (FI) as an integral component of its rural strategy to further extend its reach in the rural market. The Bank's FI initiatives maintained momentum this year with the Bank opening around 16 lac basic savings bank accounts through its branches and Business Correspondents (BC) network. The Bank now has a FI customer base of around 89.8 lac customers, being serviced through a network of 575 rural branches and more than 53,000 BC agents spread over 18,004 villages. The Bank has consolidated its position in G2C (Government to Consumer) payments, disbursing close to ₹972 crores of Government payments during 2014-2015. The Bank has further consolidated its position in C2C (Customer to Customer) transfers and has done more than ₹3,924.15 crores of domestic money transfers over 109.4 lac remittance transactions.

The Bank has opened more than 1.19 lac accounts through e-KYC and has handled ₹70.9 crores of government benefits through APBS (Aadhaar Payments Bridge System). The Bank has handled close to 22.8 lac AEPS (Aadhaar Enabled Payment System) transactions amounting to ₹126 crores during 2014-2015. The Bank has actively participated in the Pradhan Mantri Jan Dhan Yojana (PMJDY) and successfully covered the Sub Service Areas (SSA) and Wards allocated to the Bank with the help of its branches and Business Correspondents.

The Retail Banking contribution to total fees for the year 2014-15 stood at 38.39% compared to 33.55% in 2014 and 32.62% in 2013. Its contribution has steadily improved over the past few years and continues to remain very granular and well diversified. All its three segments comprising of liabilities, assets and investment distribution have been instrumental in this improved performance.

The Bank's organically built branch network over the last twenty years has helped it to strategically lay down one of the best pan India branch distribution networks. During the year, the Bank added 187 branches and its geographical reach extends to 29 states and 6 Union Territories, covering 1,714 centres and 552 districts. As on 31<sup>st</sup> March 2015, the Bank had a network

of 2,589 branches/ECs as compared to 2,402 last year. Around 22% of the Bank's branches are in rural areas and 76% of the Bank's rural branches are in unbanked locations. As on 31<sup>st</sup> March 2015, the Bank had 12,355 ATMs. The Bank has also deployed 955 Automated Deposit Machines (for cash deposits into customer accounts) and has extended this facility for 24x7 availability in certain branches, which have integrated self-service lobbies. Axis Bank was the first private sector Bank to introduce recyclers. As on 31<sup>st</sup> March 2015, the Bank had deployed 100 recyclers. Besides the Branch and ATM network, Internet banking, mobile banking and phone banking have developed as important electronic channels for the Bank.

## **CORPORATE CREDIT**

The slowdown in economic activity has been much more prolonged than envisaged earlier and is now visibly reflected in the sluggish industrial loan demand. However, the current Government's policy initiatives in land acquisition, faster clearances for reviving stalled projects, efforts to unlock mining activity, widening the ambit of foreign direct investment in defence and railways should create a more conducive environment for industrial revival going forward. Recent initiatives by RBI to provide new sources of cost effective long term borrowing in the form of infrastructure bonds coupled with flexible refinancing norms for infrastructure assets, also remain a positive development.

During the year, the Bank merged its large and mid-corporate customer groups to form the Corporate Relationship Group (CRG). The newly formed CRG further enhances the relationship banking model adopted in earlier years, which has successfully delivered a higher wallet share for the Bank, across a wide range of banking products for its corporate customers.

As on 31<sup>st</sup> March 2015, the Bank's corporate credit portfolio stood at ₹126,184 crores as against ₹102,238 crores as on 31<sup>st</sup> March 2014, registering a growth of 23.42%. The Bank has leveraged its relationship with highly rated companies to fund their domestic and international requirements. Further, actions by certain corporates in improving their liquidity position through sale of non-core assets have also provided opportunities that have helped the Bank to show higher than industry growth. The advances at overseas branches amounted to ₹38,786 crores (equivalent to USD 6.21 billion) and mainly comprised loans to Indian corporates and their subsidiaries, which grew by 22.29% and accounted for 13.80% of total advances as at the end of March 2015.

The Bank continued its focus on fee-based, trade finance and treasury businesses. The Bank's strategy of sectoral approach to credit continued with the focus on identifying sector-specific opportunities and risks. Industry, group and company specific exposure limits have been defined by the Bank and continuous monitoring is undertaken with a view to identify risks and take proactive decisions to mitigate them at the earliest. Portfolio diversification is also ensured through the sectoral credit approach. The Bank continued its focus on higher rated corporates, with 62% of outstanding loans and more than 79% of incremental sanctions during the year being rated 'A' and above in respect of total corporate loans.

The Bank continued to retain its leadership position in the loan syndication market and syndicated an aggregate amount of ₹15,930 crores by way of Rupee loans and USD 1.55 billion of foreign currency loans during the year.

## **TREASURY**

The Bank has an integrated Treasury business covering Asset Liability Management (ALM), Global Markets, Investments, Trade Finance and Debt Capital Markets. Treasury plays an important role in the sovereign debt market, participating in primary auctions of RBI and market activities in Government securities. The ALM group manages asset-liability mismatches and interest rate sensitivities of the Bank's portfolio, along with the responsibility for liquidity management for the domestic operations and foreign branches across different geographies.

Forex Trading Group within Global Markets is a major participant in the foreign exchange and derivatives market. The Bank has established itself as one of the leading banks providing foreign exchange and derivative solutions to its clients. The Bank has been awarded the Best Bank by Euromoney in their 2014 FX Survey under three distinct categories: 'Best Bank for Emerging Market Currencies Trading, Spot/Forward', 'Best Bank for Emerging Market Options, Trading Strategies & Ideas', and 'Best Bank for Asian Currencies'.

The Bank continues to remain a dominant player in the Debt Capital Market (DCM) segment. During the year, the Bank arranged ₹178,438 crores of bonds and debentures for various PSUs and corporates. For the seventh year in a row, the Bank has been ranked number one in the Bloomberg underwriter league table for domestic bonds in India for calendar year 2014 and also ranked number one arranger as per Prime Database for nine months ended December 2014. The Bank has also been ranked number one bank by The Asset Benchmark Research in Asian Currency bonds in secondary corporate bond markets. During the year, the Bank won the award for the Best Domestic Bank in India and Best Debt House in India by Asia Money



and Best DCM House by Finance Asia.

The Global Financial Institutions Division (GFID) within Treasury is responsible for fostering business relationships with financial institutions (FI) across geographies and facilitates institutional fund raising and trade finance. The Global Trade Service Division (GTSD) is entrusted with the responsibility of transforming Trade Finance business into a key flow business for the Bank by providing trade solutions for corporates as well as the FI clients of the Bank. The Customer Trade and Forex Group (CTFG), as part of Treasury, drives cross-border forex flows, remittances, capital account transactions and derivatives from all segments of corporate relationships through its dedicated and experienced Relationship Managers positioned across the Bank. Treasury has taken steps to enhance the digital connect with clients by providing Trade Portal and Fx Connect for booking online trade and forex transactions.

## **BUSINESS BANKING**

Business Banking focuses on providing payments and transaction banking solutions across corporates, SMEs, financial institutions, Government segments and small business customers. The key product offerings of this business segment include current accounts, collection and payment solutions, custodial and demat services.

Current accounts are a key focus area for the Bank. With a customer centric model, the Bank offers current account products categorised into value-based products, segmented products for specific industry sectors (e.g. financial services, pharmaceuticals etc.) and need-based products (e.g. escrows, dividend payments etc.). The Bank effectively leveraged its distribution network and technology platform to deliver a seamless banking experience to its customers. The Business Banking team also works on various process redesign initiatives to deliver a simple, easy and user-friendly customer experience. As on 31<sup>st</sup> March 2015 the Bank had around 16.9 lac live current account customers and a Current account deposit base of ₹56,108 crores, which constituted 17.40% of total deposits. During the year, current account balances, on a daily average basis, grew by 10.72% to ₹34,634 crores from ₹31,281 crores last year.

The Bank continues to focus on its two-pronged approach adopted for the collection and payments business - introducing new products, features and channels on the one hand and developing sector-specific solutions on the other. The Bank is in the process of implementing a technology initiative in terms of setting up an enterprise-wide payment hub to process payments - both domestic and in foreign currency in a phased manner. The first phase, which focused on domestic payments is nearing completion and has already significantly augmented the Bank's capacity to seamlessly handle large transaction volumes. The next phase on foreign currency payments is expected to be completed during the next financial year 2015-16. In order to provide a wider access for its transaction processing services, the Bank has undertaken initiatives during the year to further leverage its business correspondent network. The Bank offers advanced products such as Power Access®, which enable corporates and institutions to ensure straight-through transaction processing with multi-layered security protocols and customised MIS. The Bank has also developed transaction banking solutions, delivered through digital channels enabling customers to transact using multiple payment modes on an online platform.

In the cash management services business, the Bank focuses on offering customised service to its customers to cater to specific corporate requirements. Towards this end, the Bank has identified select industry sectors and rolled out customised solutions to meet specific needs of clients in these sectors. The Bank processed transactions of more than ₹3,131,299 crores during 2014-15, registering a growth of 54% over the last year. The Bank has one of the largest distribution channels to support the collections and payments business, with 1,188 locations enabled for collections and 433 branches enabled for remote printing of instruments.

The Bank, also acts as an agency bank for various Central Government ministries, departments, State Governments and Union Territories, undertaking acceptance of income and other direct taxes. The Bank also handles the disbursement of civil and defence pension through the Centralised Pension Processing Centre (CPPC). In addition, the Bank provides collection and payment services to four Central Government ministries/departments and 13 State Governments and Union Territories. The Bank rolled out customised solutions such as PFMS (Public Financial Management System), e-procurement/e-Tendering and e-freight to meet the unique needs of the Government segment. The Bank has also partnered various CFMS (Centralised Fund Management System) projects of two State Governments viz. Chattisgarh and Andhra Pradesh. The Bank is the nodal bank for collection of subscription to the National Pension Scheme. It is also acting as the 'Trustee Bank' for the National

Pension System of Pension Fund Regulatory and Development Authority. During the year, the Bank also commenced opening of accounts under the Sukanya Samridhi Scheme. The total Government business throughput during the year was ₹113,516 crores.

The Bank is a SEBI-registered custodian and offers custodial services to both domestic and offshore customers. As on 31<sup>st</sup> March 2015, the Bank held assets around ₹13,350 crores under its custody and had 3,376 demat accounts in the corporate and institutional segment.

### **LENDING TO SMALL AND MEDIUM ENTERPRISES**

The Small and Medium Enterprises (SMEs) business comprises of three groups: Medium Enterprises Group (MEG), Small Enterprises Group (SEG) and Supply Chain Finance (SCF) which as on 31<sup>st</sup> March 2015 comprised 44%, 43% and 13% of total SME advances (excluding non-retail agricultural loans) respectively. The Bank extends working capital, term loan, trade finance and project finance facilities to SMEs. The gamut of products includes fund based and non-fund based products with a flexible tenure ranging from short-term to long-term catering to various credit requirements. The wide range of fast-track and customised products ensure that customers get finance, which is best suited for their businesses.

The Bank continues to focus on acquiring customers rated SME 3 and above. The loan book remains well diversified and carries lower concentration risk with 85% of the outstanding loans being rated between SME 1 and SME 3, which corresponds to single 'A' rating. The SME business continues to perform well and the portfolio behaviour remains healthy. The Bank has further improved its risk management capabilities by enhancing the early warning system model, based on holistic customer information and by developing more advanced rating tools.

The backbone of the Bank's relationship with SMEs has been the commitment to support them, not only through innovative financial products but also by extending non-financial services to grow their businesses. The Bank sponsors various exhibitions and trade fairs to support and cater to SMEs across India. The Bank also revolutionised the concept of capacity building for SMEs in India by successfully conducting SME knowledge series 'Evolve' across 30 locations in India to help customers understand the importance of innovation, marketing, technology and use of social media to grow their businesses. On the operational efficiency front, to further improve the turnaround time from sanction to disbursement, the Bank implemented 'Project Pratham' to achieve lean and efficient processes.

As explained earlier, during the year, the Bank reorganised the agricultural lending business and merged the non-retail portion of agricultural advances with the SME business, while retail portion has been merged with the existing portfolio of retail loans. As on 31<sup>st</sup> March 2015, non-retail agricultural loans declined by 46.12% and stood at ₹2,316 crores against ₹4,299 crores last year. During the year, advances to SMEs excluding the non-retail agricultural loans increased by 14.51% to ₹40,651 crores from ₹35,502 crores last year. Total SME advances grew by 7.96% to ₹42,967 crores from ₹39,800 crores last year and constituted 15.29% of the Bank's total advances as on 31<sup>st</sup> March 2015. The Bank currently operates from 42 SME Centres and 17 SME Cells, across the country to service customers effectively covering around 1,200 branches.

As on 31<sup>st</sup> March 2015, the Bank has achieved its overall priority sector lending requirements.

### **INTERNATIONAL BANKING**

The international operations of the Bank continue to be a key focus area due to the increasing integration of the Indian economy globally and the rising two way flow of funds and services. The Bank, through its international operations aims to leverage the skills and strengths built in its domestic operations. It also widens the horizon of the product offerings covering a varied spectrum of corporate and retail banking solutions across client segments in various geographies. The Bank has established its presence at strategic international financial hubs in six countries with a network of five branches at Singapore, Hong Kong, DIFC – Dubai, Colombo (Sri Lanka) and Shanghai (China), two representative offices at Dubai and Abu Dhabi and an overseas banking subsidiary in the United Kingdom.

The Bank continues to offer corporate banking, trade finance, treasury and risk management solutions through the branches at Singapore, Hong Kong, DIFC, Shanghai and Colombo, and also retail liability products from its branches at Hong Kong and Colombo. Further, the Bank's Gulf Co-operation Council (GCC) initiatives in the form of representative offices in Dubai and Abu Dhabi, and alliances with banks and exchange houses in the Middle East provide support for leveraging the business opportunities emanating from the large NRI diaspora present in these countries.

With global economies showing signs of uncertainty, there has been moderate asset growth at the overseas centres. Focus was towards trade finance business and value added services. The Bank's Shanghai Branch, which commenced operations in

January 2014, has achieved break-even in the first year of its operations. As on 31<sup>st</sup> March 2015, the total assets at overseas branches stood at USD 7.86 billion as compared to USD 7.20 billion last year. Axis Bank UK Limited, the Bank's overseas banking subsidiary, consolidated its operations during the year under review and its total assets stood at USD 431 million as against USD 372 million as on 31<sup>st</sup> March 2014.

## **RISK MANAGEMENT**

The risk management objective of the Bank is to balance the trade-off between risk and return, and ensure optimum risk-adjusted return on capital. The risk is managed through a risk management architecture as well as through policies and processes approved by the Board of Directors encompassing independent identification, measurement and management of risks across the various businesses of the Bank. An independent risk management function ensures that the Bank operates within the Board approved risk appetite statement. The risk management function in the Bank strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the embedded risks. The Bank continued to focus on refining and improving its risk measurement systems including automation of processes wherever feasible not only to ensure compliance with regulatory requirements, but also to ensure better risk-adjusted return and optimal capital utilisation, keeping in view its business objectives. Pursuant to review of the risk profile of the Bank, the Board has not come across any element of risk which would threaten the existence of the Bank.

The overall risk appetite and philosophy of the Bank is defined by its Board of Directors. The Risk Appetite framework provides guidance to the management on the desired level of risk for various types of risks in the long term and helps steer critical portfolio decisions. Further, the Internal Capital Adequacy Assessment Process (ICAAP) of the Bank assesses all the significant risks associated with various businesses. The independent risk management structure within the Bank is responsible for managing the credit risk, market risk, liquidity risk, operational risk, other Pillar II risks like reputational risk and strategic risk and exercising oversight on risks associated with subsidiaries. The risk management processes are guided by well-defined policies appropriate for the various risk categories viz. credit risk, market risk, operational risk, liquidity risk, counterparty risk, country risk, reputational risk, strategic risk and subsidiaries risk, supplemented by periodic validations of the methods used and monitoring through the sub-committees of the Board. The Risk Management Committee (RMC), a committee constituted by the Board, approves policies related to risk and reviews various aspects of risk arising from the businesses undertaken by the Bank. The Committee of Directors (COD) and the Audit Committee of the Board (ACB) supervises certain functions and operations of the Bank, which ultimately enhances the risk and control governance framework within the Bank. Various senior management credit and investment committees, Credit Risk Management Committee (CRMC), Asset-Liability Committee (ALCO), Operational Risk Management Committee (ORMC), Subsidiaries Risk Management Committee (SRMC) and Reputation Risk Management Committee (RRMC) operate within the broad policy framework of the Bank.

### **Credit Risk**

Credit risk is the risk of financial loss if a client, issuer of securities that the Bank holds or any other counterparty fails to meet its contractual obligations. Credit risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, borrower or obligor. The goal of credit risk management focuses on risk-adjusted rate of return on capital, targeted asset quality and managing the credit risk inherent in individual exposures as well as at the portfolio level. The emphasis is placed, both on evaluation and management of risk at the individual exposures and analysis of the portfolio behaviour.

The Bank has structured and standardised credit approval processes, including a well-established procedure of comprehensive credit appraisal. Every extension of credit facility or material change of a credit facility to any counterparty requires credit approval at the appropriate authority level. Internal risk rating remains the foundation of the credit assessment process, which provides standardisation and objectivity to the process. All sanctioning processes including the delegation of powers are linked to the ratings and the sizes of the exposure. The monitoring frequency applicable to the exposure also depends on the rating of the exposure. Individual borrower exposure ceilings linked to the internal rating and sector specific caps are laid down in the Credit Policy to avoid concentration risk. For the retail portfolio including small businesses and small agriculture borrowers, the Bank uses different product-specific scorecards. Both credit and market risk expertise are combined to manage risks arising out of traded credit products such as bonds and market related off-balance sheet transactions. Model validation is carried out periodically by objectively assessing its discriminatory power, calibration accuracy and stability of ratings both by the Risk Department as well as independently by a Validation Committee.

The Bank continuously monitors portfolio concentrations by segment, borrower, groups, industry and geography, where

applicable. The portfolio level delinquency matrices are tracked at frequent intervals with focus on detection of early warning signals of stress. Key sectors are analysed in detail to suggest strategies for business, considering both risks and opportunities. Such analysis is reviewed by the Credit Risk Management Committee to arrive at the appropriate industry ceilings as well as define the origination and account management strategy for the sector. The Risk Management Committee of the Board periodically reviews the impact of the stress scenarios resulting from various scenarios like increased regulatory prescriptions on provisioning requirements, rating downgrades, or drop in the asset values in case of secured exposures etc. on the portfolio. The portfolio level risk analytics provide insight into the capital allocation required to absorb unexpected losses at a defined confidence level.

### **Market Risk**

Market risk is the risk of losses in 'on and off-balance sheet' positions arising from the movements in market price as well as the volatilities of those changes, which may impact the Bank's earnings and capital. The risk may pertain to interest rate related instruments (interest rate risk), equities (equity price risk) and foreign exchange rate risk (currency risk). Market Risk for the Bank emanates from its trading and investment activities, which are undertaken both for the customers and on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its banking book as well as its trading book for both its domestic and overseas operations. The market risk management framework of the Bank provides necessary inputs regarding the extent of market risk exposures, the performance of portfolios vis-à-vis the risk exposure and comparable benchmarks which assists in maximising the risk-adjusted rate of return of the Bank's trading and investment portfolio.

Market risk management is guided by well-laid policies, guidelines, processes and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits set in accordance with the risk appetite of the Bank. Treasury Mid-Office independently monitors the Bank's investment and trading portfolio in terms of risk limits stipulated in the Market Risk Management Policy and reports deviations, if any, to the appropriate authorities as laid down in the policy. The Bank utilises both statistical as well as non-statistical measures for the market risk management of its trading and investment portfolios. The statistical measures include Value at Risk (VaR), stress tests, back tests and scenario analysis while position limits, marked-to-market (MTM), stop-loss limits, alarm limits, gaps and sensitivities (duration, PVBP, option greeks) are used as non-statistical measures of market risk management.

Historical simulation and its variants are used to compute VaR for the trading portfolio which is calculated at a 99% confidence level for a one-day holding period over a time horizon of 250 days. VaR models for different portfolios are back-tested on an ongoing basis and the results are used to maintain and improve the efficacy of the model. VaR measurements are supplemented with a series of stress tests and sensitivity analysis as per a well laid stress testing framework.

### **Liquidity Risk**

The Asset Liability Management Policy of the Bank stipulates broad framework for liquidity risk management to ensure that the Bank is in a position to meet its daily liquidity obligations as well as to withstand a period of liquidity stress from, bank-wide factors, market-wide factors or a combination of both.

The liquidity profile of the Bank is analysed on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and conduct of liquidity stress tests periodically. The liquidity position is monitored for both domestic as well as overseas operations. The Bank has laid down liquidity risk policies for its overseas branches in line with host country regulations and the asset-liability management framework as stipulated for domestic operations. Periodical liquidity positions and liquidity stress results of overseas branches are reviewed by the Bank's ALCO.

The Bank has adopted the liquidity risk management guidelines issued by RBI pursuant to the Basel III framework on liquidity standards. These include the intraday liquidity management and the Liquidity Coverage Ratio (LCR). These guidelines have been integrated into the asset liability management framework of the Bank to ensure adherence to RBI guidelines on monitoring and management of liquidity including liquidity ratios.

### **Operational Risk**

Operational risks may emanate from inadequate and/or missing controls in internal processes, people and systems or from external events or a combination of all the four. The Bank has in place an Operational Risk Management (ORM) Policy to manage the operational risk in an effective, efficient and proactive manner. The policy aims at assessing and measuring the magnitude of risks, monitoring and mitigating them through well-defined framework and governance structure.

The RMC at the apex level is the policy making body and is supported by the Operational Risk Management Committee

(ORMC), responsible for the implementation of the Operational Risk framework of the Bank and the management of operational risks across the Bank. A sub-committee of the ORMC, Sub-ORMC has been constituted to assist the ORMC in discharging its functions.

All new products and processes, as well as changes in existing products and processes are subjected to risk evaluation by the Bank's Product Management Committee and Change Management Committee. Outsourcing arrangements are examined and approved by the Bank's Outsourcing Committee. The IT Security Committee of the Bank provides directions for mitigating operational risk in the information systems. The Bank has set up a comprehensive Operational Risk Measurement System (ORMS) for documenting, assessing, and periodic monitoring of various risks and controls linked to various processes through the implementation of a software solution.

Recognising its responsibility to ensure continuity of service to its large customer base, the Bank has placed a well-defined Business Continuity Framework. The effectiveness of the approved Business Continuity Plan (BCP) framework is tested for all identified critical internal activities to ensure readiness to meet various contingency scenarios. The learning from the BCP exercises are used as inputs to further refine the framework.

## **OPERATIONS**

The Bank has carried out separation of its production and distribution functions. Transaction processing operations have been centralised while product sales and customer handling (the distribution technology) are being primarily carried out at the branches. This business process re-engineering has enabled reduction of transaction costs besides ensuring smoothness in operations and increasing productivity. The Bank continued to refine operational processes from the perspective of implementation of best practices, risk identification and containment to bring about greater precision in the management of operations in both the corporate and retail side of the Bank's businesses. Operational instructions were issued on a continual basis and efforts are made to introduce risk-free working at branches.

### **Retail Banking Operations**

Retail Banking Operations (RBO) comprises of four main functions, namely Retail Branch Operations, Retail Business Processes, Process Quality and Customer Services. Jointly these functions manage branch based operations and centralised processes for various retail business activities such as data processing for new customers, servicing of transactions, reconciliation activities etc. The teams bring efficiencies to the various retail liabilities and retail asset businesses of the Bank.

Retail Branch Operations operate closely with various control units and ensures that branch services meet the business objectives along with strict adherence to risk and compliance requirements. Retail Business Processes is the centralised operations department, operating through 2 National Processing Centers, supported by 23 Regional Centers and multiple service partners. Customer Services manages the 24x7 Customer Contact Center for all retail businesses. A dedicated Phone Banking Service for Premium and NRI customers has recently been launched. Customer Service follows a well laid out service quality framework and drives initiatives across retail businesses through the Service Quality team.

Improving customer service quality remains core to the Bank's vision and with a view to ensure comprehensive improvement, the Bank initiated Project 'PRATHAM', a program to reduce turnaround time, achieve high automation index, better risk management and improved customer experience. Some of the key initiatives in these areas are, image based workflow system for customer acquisition, optimisation of branch cash and phone banking services. Re-engineering plans are driven by a dedicated team, which manages cross functional initiatives to create breakthrough improvements in process quality and handles transformational projects.

### **Wholesale Banking Operations**

Wholesale Banking Operations (WBO) caters to corporate customers of the Bank. WBO provides specialised services to the target customer group through four verticals which are Corporate Banking Operations (CBO), Treasury Operations, Trade and Forex Operations (TFO) and Centralised Collection and Payment Hub (CCPH).

CBO is responsible for credit delivery and post disbursement control, monitoring and administration of credit portfolio consisting of Large Corporates and SME segments. CBO operates through Corporate Banking Branches (CBBs) located at 8 major cities, 62 Mini-Credit Management Centres (MCMCs) mostly at Tier II cities, and Corporate Credit Operations Hubs (CCOH) at Hyderabad and Gurgaon. It also processes transactions pertaining to supply chain channel finance business, through a dedicated set up in the form of Channel Finance Hub (CFH).

Treasury Operations handles settlement and accounting of treasury-related transactions and operates the centralised electronic payment hubs for Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) through automated processes with minimal manual intervention.

TFO is responsible for ensuring compliance of regulatory and internal guidelines with regard to processing of international and domestic trade as well as retail forex transactions and efficient service delivery to customers within the agreed turnaround time. TFO processes international trade transactions through 234 B-Category branches and 3 state-of-art Trade Finance Centres located at Mumbai, Hyderabad and New Delhi. TFO also processes inland trade and retail forex transactions through all the branches of the Bank as well as state-of-art centralised Domestic Trade Finance Centre and Retail Forex & Remittance Centre respectively located at Mumbai with Hyderabad serving as 'Business Continuity Centre'.

CCPH handles processing of specialised payments and collections products like Cash Management Schemes, Dividend Payments etc. and operates through 2 units located at Mumbai and Hyderabad. To extend operational support and customer hand-holding at the local level, 35 Transaction Banking Centres (TBCs) have been set-up by CCPH, which are manned by skilled resources, thereby ensuring efficient service delivery coupled with strict adherence to risk and compliance requirements.

### **INFORMATION TECHNOLOGY**

The Bank has undertaken various technology enabled business initiatives to deliver improved customer experience, ease of banking, and operational excellence. As the number of ways to connect with customers' increase and self-service channels become the primary way for banking, an Omni-channel approach provides competitive advantage to the Bank. Technology has enabled customer accessibility of all products across all channels through seamless multi-channel integration. To achieve this, the Bank has been simultaneously focusing on 'Digitisation' of its backend processes and empowerment of its customers with mobile-led simple anytime anywhere 'Digital' banking. The Bank provides a personalised experience on the Axis Mobile Application based on the user segment. It has been very well adopted by customers with close to 15 lac users. The Bank has also focused on further improving the governance processes and compliance requirements in IT.

The Bank's continuous endeavour has been to use technology to further improve the customer's experience while transacting with the Bank. Tablet based processes provide instant, door-step account opening services. An enterprise level Customer Relationship Management solution provides the Bank a single view of both Corporate and Retail customer segments. Digital tools like lead management applications have been built for the sales team to enhance their productivity. Mobile based digital financial services are launched for Financial Inclusion customers. The Bank has also launched Kiosk based agent assisted transaction services for remitting money to a customer's family members account from anywhere in the country. The financial inclusion gateway successfully manages various products across business verticals including direct benefit transfer. The Bank also offers outward remittance to customers in 100+ currencies.

The Bank has been implementing a multi-year technology initiative to set up an enterprise-wide payment hub to process payments in both domestic and foreign currency. It would enable seamless integration of large volumes of e-payments, multiple payment methods and dynamic market conditions, thus facilitating efficient cash management for corporates. The Bank has undertaken various Government Business enablements to fulfil the vision of e-governance and empower different co-operative societies and government bodies with digital solutions.

During the year, large scale IT transformation has been undertaken to build a Lean and Agile IT Information Architecture that enables Next Generation Banking and supports the future growth.

The Bank has implemented all the recommendations of the RBI Working Group issued on 29<sup>th</sup> April 2011 as applicable, related to Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds. The Bank is committed to implementing the recommendations in letter and spirit to strengthen the security posture of the Bank and to provide safe and secure banking services to its customers. As a part of this, various security solutions have been deployed to protect customer data and prevent external and internal attacks. In addition to compliance with the ISO 27001 standards of information security management, the Bank has also complied with the Payment Card industry Data Security Standards (PCI DSS) for card acquiring infrastructure to protect card related data.

### **COMPLIANCE**

The Bank is committed to adhere to the highest standards of compliance vis-a-vis regulatory prescriptions and internal guidelines. The Compliance function proactively drives improvement in the compliance culture within the Bank through various enablers like dissemination of regulatory changes and percolation of compliance knowledge through training, newsletters,



e-learning initiatives and other means of communication apart from direct interaction. To ensure that all the businesses of the Bank are operating within the ambit of Compliance Framework, the Compliance Department is involved in vetting all new products and processes. It evaluates the adequacy of internal controls and examines the systemic correction required, based on its analysis and interpretation of the regulatory doctrine and the deviations observed during compliance monitoring and testing programme. It also ensures that internal policies address the regulatory requirements comprehensively.

As the focal point of contact with RBI and other regulatory entities, the Compliance Department periodically apprises both the Bank's management as well as the Board of Directors on the status of compliance in the Bank and the changes in regulatory environment. During the year, the Bank has fully operationalised the Enterprise-wide Governance Risk and Compliance Framework, an online tool, which is pivotal in addressing operational, compliance and financial reporting risks, bringing efficiency in processes and improvement in compliance levels besides facilitating annual assessment of said risks. The Bank registered with United States Internal Revenue Service (USIRS) for Foreign Accounts Tax Compliance Act (FATCA) during the year and has actively pursued all FATCA compliance activities for its Indian operations, overseas branches and subsidiaries. The Compliance Department also propagates and monitors a Group Compliance approach encompassing the Bank and its subsidiaries.

### **INTERNAL AUDIT**

The Bank's Internal Audit function provides an independent assurance to the Board of Directors and Senior Management on the quality and effectiveness of the Bank's internal controls, risk management, governance systems and processes on an ongoing basis, thereby ensuring that the audited units comply with both internal and regulatory guidelines. In line with the RBI's guidelines on Risk Based Internal Audit (RBIA), the Bank has adopted a robust audit policy. The policy has a well-defined architecture for conducting RBIA across all audit entities. The audit policy drives for a concerted focus on strategic and emerging business risks. This forms a key step in the identification of individual audits for the audit planning exercise. The audit frequencies are in sync with the risk profile of each unit to be audited. This is in alignment with guidelines relating to RBIA. The scope of RBIA includes examining the adequacy and effectiveness of internal control systems, external compliances and also evaluates the risk residing at the audit entities. The RBIA has been designed taking into account regulatory guidelines and also international best practices. Further to augment the internal audit function, concurrent audit, thematic audits and integrated audit, reviews have been intertwined into the internal audit function to make the function more robust.

The Internal Audit functions independently under the supervision of the Audit Committee of the Board, thereby ensuring its independence. The Board reviews the efficacy of the internal audit function, effectiveness of controls laid down by the Bank and compliance with regulatory guidelines. This is in alignment with the best global practices on corporate governance.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The primary purpose of the Bank's CSR philosophy is to make a meaningful and measurable impact on the lives of economically, physically and socially challenged communities of the country by supporting initiatives aimed at creating conditions suitable for sustainable livelihood in these communities. The Bank aims to promote literacy among the disadvantaged and differently-abled people, and also financial literacy amongst consumers at large which includes consumer education and awareness as well as capacity building and skill building in various sectors of the economy. The Bank promotes initiatives that preserve, restore and enhance environment, ecological balance, and natural resources. It undertakes measures to eradicate hunger, poverty and malnutrition as well as to improve sanitation, health and hygiene. The Bank also aims to undertake activities to reduce inequalities faced by socially and economically backward groups.

The Bank has put in place 'Policy on Corporate Social Responsibility' to strategically guide its efforts in the area of CSR and hosted on the Bank's website [www.axisbank.com](http://www.axisbank.com). The CSR activities are pursued through various initiatives undertaken by the Bank or through Axis Bank Foundation (ABF) or through any other Trust or agencies and entities as deemed suitable. The Bank leverages its geographical spread to undertake such initiatives. The prescribed CSR expenditure for the Bank for 2014-15 in terms of the Section 135 of the Companies Act and Rules framed thereunder was ₹133.77 crores, against which the Bank has spent ₹123.22 crores towards various CSR initiatives. The details of initiatives taken by the Bank on CSR during the year as per annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure V of the Directors' Report.

Axis Bank Foundation (ABF) was set up as a Public Trust in 2006 to carry out the Corporate Social Responsibility initiatives of

the Bank. The Foundation has committed itself to participate in various socially relevant endeavours with a special focus on providing sustainable livelihoods, poverty alleviation, skill development, education of the underprivileged, highway trauma care etc. The Foundation also aims to help create capabilities in terms of skills and employment opportunities for disadvantaged or differently abled people, especially children. The Bank contributes one percent of its net profit annually to the Foundation under its CSR initiatives. At the end of March 2015, the Foundation had 43 programs spread over 239 districts in 26 states. As of 31<sup>st</sup> March, 2015 ABF has reached out to more than 5 lac beneficiaries cumulatively.

In 2011, the Foundation ventured into the domain of providing sustainable livelihoods which aims at alleviating poverty and providing livelihood options for economically weak households. In continuation with the mission of creating one million livelihoods by 2017, 60% of the beneficiaries being women, ABF focused on projects pertaining to agriculture and allied activities as majority of India's population still rely on agriculture for their livelihood. ABF has also been providing vocational training to unemployed youth, adolescent girls and housewives. As of 31<sup>st</sup> March 2015, the cumulative disbursements for the various livelihood programs were to the tune of ₹144.07 crores. Further, an important aspect of creating sustainable livelihoods is financial inclusion of the beneficiaries in mainstream banking. Thus, substantial borrowings have been mobilised for such beneficiaries through financial linkages with banks.

ABF evaluates the success of the livelihood programs through mid-term impact studies. ABF also conducts sectoral studies in order to evaluate the sectoral impacts.

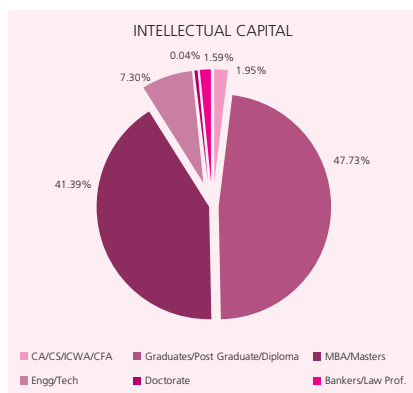
ABF has been working in the field of education since its inception in 2006 and at the end of March 2015, was running 18 programs providing education to underprivileged individuals across India focusing on special education and education for disadvantaged/marginalised children. As of 31<sup>st</sup> March 2015, cumulative disbursements for the various education programs were to the tune of ₹50.36 crores covering 135,191 children. Further to education programs, ABF continues to work in the field of Highway Trauma Care and has expanded its operations to conduct First Responder Trainings. As of March 2015, 20,646 accident victims have been rescued across 5 states while 7,097 stakeholders viz. police, toll personnel, village task force etc. have been trained in 3 states.

The Foundation provides Axis Bank staff opportunities to volunteer and participate in its various initiatives and also runs a payroll program to collect contributions from the employees. During the year, 8,205 employees of the Bank had enrolled for the payroll program and the monthly collection amounted to ₹15.49 lac. Since 2006, the Bank has contributed a grant of ₹255.68 crores and the staff members have contributed ₹5.04 crores towards the Foundation's activities. The total amount of grant disbursed up to March, 2015 was ₹197.36 crores.

ABF was selected as the 'Outstanding Corporate Foundation' by the Forbes India Philanthropy Awards 2014.

## HUMAN RESOURCES

The Human Resource (HR) function in the Bank remains focused on creating and developing human capital through improving organisational effectiveness, providing safe and ethical work environment, and maintaining stability and sustainability amidst the rapidly changing business environment and growth.



The Bank focuses on building learning infrastructure by entering into tie-ups with universities of repute, for ensuring adequate supply of skilled manpower with day zero productivity to support its growing business. The Bank also focuses on 'Leadership Development' with particular focus on developing strategic leadership capabilities in future leaders. The Bank has defined 'Axis Leadership Practices' (ALPs) for all employees to promote desired behaviours at different levels of the hierarchy and has promoted the ALPs by seamlessly integrating it to the Bank's people oriented processes like Talent Acquisition, Performance Management System, Leadership Development and Feedback.

The Bank has built a learning infrastructure that facilitates the learning process across all levels through a blended learning approach of classroom programs, external programs, certification programs as well as e-learning modules. The learning management system 'Axis Academy' allows the Bank to reach out to employees across geographies in real time with minimal cost to provide best in class learning solutions. The Bank has partnered with leading online portals to impart capability development.



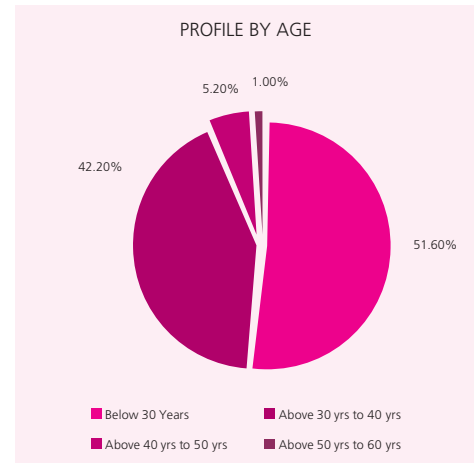
To promote a healthy and safe work environment for the employees, the Bank fosters work-life balance and condemns any kind of unfair treatment in the workplace. The Bank also offers an emergency helpline service to the women employees in order to provide immediate safety response during any emergency situation.

Regulation and compliance have remained as the major focus areas for the Bank with adequate channels for raising concerns supported by a grievance handling mechanism. In recognition to the strict compliant and ethical culture, the Bank has been awarded 'Best Work Ethics Award 2014' by Economic Times.

The Bank hosts several employee engagement programs through online and offline channels to foster a spirit of connectedness. Employee Engagement surveys are conducted periodically to seek regular feedback from employees on the policies and practices to strengthen the journey towards creating a team of empowered employees oriented towards the realisation of the Bank's corporate vision.

The strength of the workforce was 42,230 at the end of the year. A young and engaged workforce with an average age of 30 years and the Bank's policy on being an equal opportunity employer continues to significantly contribute towards the Axis Bank brand.

The Bank is also a socially responsible employer. In addition to the activities carried out through 'Axis Bank Foundation', the Bank has partnered with 'Teach for India' in its mission to reform education and seek an innovative solution to ending educational inequality in India by deputing employees as Fellows in their program. Through the fulfillment of its HR program, the Bank continues to strive towards realisation of its vision of being the preferred financial service provider excelling in customer delivery through insight, empowered employees and smart use of technology.



## ANNEXURE V

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(As prescribed under Section 135 of the Companies Act, 2013 and The Companies (Corporate Social Responsibility Policy) Rules 2014)

**1. A brief outline of the Bank's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Bank's website and the web-link for the same is <http://www.axisbank.com/csr/pdf/Axis-Bank-Policy-CSR.pdf>

The primary purpose of the Bank's CSR philosophy is to make a meaningful and measurable impact on the lives of economically, physically and socially challenged communities of the country by supporting initiatives aimed at creating conditions suitable for sustainable livelihood in these communities. The Bank aims to promote literacy among the disadvantaged and differently-abled people and also financial literacy amongst consumers at large which includes consumer education and awareness as well as capacity building and skill building in various sectors of the economy. The Bank promotes initiatives that preserve, restore and enhance environment, ecological balance, and natural resources. It undertakes measures to eradicate hunger, poverty and malnutrition as well as to improve sanitation, health and hygiene. The Bank also aims to undertake activities to reduce inequalities faced by socially and economically backward groups.

The CSR activities are pursued through various initiatives undertaken by the Bank or through Axis Bank Foundation (ABF) or through any other Trust or agencies and entities which are registered under the relevant provisions of the Foreign Contribution and Regulation Act, 2010 as deemed suitable. The Bank leverages its geographical spread to undertake such initiatives.


Axis Bank Foundation (ABF) was set up as a Public Trust in 2006 to carry out the Corporate Social Responsibility initiatives of the Bank. The Foundation has committed itself to participate in various socially relevant endeavours on creating sustainable livelihoods by focusing on interventions related to Agricultural Practices and Farm Income, Vocational Training leading to Income and Employment and Women Empowerment. The Foundation has impacted the livelihood and skill level of 5,92,327 beneficiaries from 2006 to date. An illustrative list of various programs and activities to be supported under the Bank's CSR focus areas can be accessed at <http://www.axisbank.com/csr/csrFocusArea.aspx>

ABF measures the impact of its programs through reputed external partner organizations. The impact from the evaluated programs has been manifold viz. developing capacities of rural poor, building community institutions, higher crop yields, increased savings, greater access of women to financial services, placement of trainees leading to employment and substantial increase in income over baseline income, all of which resulting in holistic development of communities.

ABF has been recognized as the "Outstanding Corporate Foundation for the year 2014" by Forbes India.

- 2. The Composition of the CSR Committee:** Shri Som Mittal (Chairman), Smt. Usha Sangwan and Shri V. Srinivasan.
- 3. Average net profit of the Bank for last three financial years:** ₹6,688.67 crores
- 4. Prescribed CSR Expenditure (2% of the said profits as stated in item 3 above):** ₹133.77 crores
- 5. Details of CSR spent during the financial year:**
- (a) Total amount spent for the financial year (2014-15): ₹123.22 crores
  - (b) Amount unspent, if any: ₹10.55 crores
  - (c) Manner in which the amount spent during the financial year is detailed in **Annexure A**.
- 6. In case the Bank has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Bank shall provide the reasons for not spending the amount in its Board report.**

During the year 2014-15, the Bank has spent ₹123.22 crores on various CSR activities, which is equivalent to 1.84% of its average net profits of the last three financial years.



As an integral part of society, the Bank is aware of its corporate social responsibilities and has been engaged in community and social investment. For this purpose, the Bank has set-up a Trust – the Axis Bank Foundation and has been contributing one percent of its previous year's net profit to the Foundation since 2006-07 under its CSR initiatives. The Bank stays committed to its corporate social responsibility and intends to continually increase the impact of its CSR initiatives. The Bank will make concerted efforts to spend the prescribed CSR amount in the subsequent years.

- 7. The CSR Committee of the Board of Directors hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and CSR Policy of the Bank.**

**V. Srinivasan**  
Executive Director  
& Head (Corporate Banking)

**Som Mittal**  
Chairman – CSR Committee

(1) S. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered	(4) Projects or Programs (1) Local area or other (2) Specify the State and district where Projects or Programs was undertaken	(5) Amount Outlay (Budget) Project or Programs wise	(6) Amount Spent on the Projects or Programs Sub-heads: (1) Direct Expenditure on Projects or Programs (2) Overheads	(7) Cumulative Expenditure up to the Reporting Period	Annexure A (8)	
							Amount Spent: Direct or through implementing Agency	
1.	Contribution to Axis Bank Foundation towards undertaking CSR activities as per the focus areas and programs areas listed in Axis Bank's 'Policy for Corporate Social Responsibility'. Details of the initiatives undertaken by Axis Bank Foundation are available at <a href="http://www.axisbankfoundation.org">www.axisbankfoundation.org</a>	Education (primary, secondary, supplementary, special, vocational), livelihood enhancement, vocational skills training, conservation of natural resources and rural development, healthcare (including preventive healthcare)	1. Local area (187 districts) and others (52 districts) 2. Andhra Pradesh (12 districts), Arunachal Pradesh (01 district), Assam (03 districts), Bihar (11 districts), Chhattisgarh (09 districts), Delhi (01 district), Gujarat (25 districts), Jharkhand (12 districts), Karnataka (08 districts), Kerala (03 districts), Madhya Pradesh (16 districts), Maharashtra (24 districts), Manipur (01 district), Meghalaya (06 districts), Mizoram (02 districts), Nagaland (01 district), Odisha (14 districts), Punjab (3 districts), Rajasthan (27 districts), Sikkim (01 districts), Tamil Nadu (11 districts), Telangana (05 districts), Tripura (02 districts), Uttar Pradesh (20 districts), Uttarakhand (11 districts), West Bengal (10 districts)	₹62.18 crores (For 2014-15)	Direct expenditure: ₹62.18 crores Overheads: Nil	₹255.68 crores (Contribution to the corpus of Axis Bank Foundation since 2006-07)	Through Axis Bank Foundation	
2.	Financial literacy and inclusion program: Financial literacy initiatives to create awareness and educate various sections of society, especially those which do not have access to banking system, on personal financial management and provide them access through financial inclusion initiatives.	Education (financial literacy), reducing inequalities faced by socially and economically backward groups, rural development	1. Local area 2. Andaman & Nicobar Islands (01 district), Andhra Pradesh (13 districts), Arunachal Pradesh (03 districts), Assam (19 districts), Bihar (36 districts), Chandigarh (01 district), Chhattisgarh (21 districts), Delhi (11 districts), Gujarat (30 districts), Haryana (20 districts), Himachal Pradesh (10 districts), Jammu & Kashmir (13 districts), Jharkhand (18 districts), Karnataka (30 districts), Kerala (14 districts), Madhya Pradesh (51 districts), Maharashtra (35 districts), Manipur (04 districts), Meghalaya (04 districts), Mizoram (02 districts), Nagaland (04 district), Odisha (30 districts), Punjab (22 districts), Puducherry (02 districts), Rajasthan (31 districts), Sikkim (03 districts), Tamil Nadu (32 districts), Telangana (10 districts), Tripura (05 districts), Uttar Pradesh (68 districts), Uttarakhand (10 districts), West Bengal (20 districts)	₹52.32 crores	Direct expenditure: ₹52.32 crores Overheads: Nil	₹52.32 crores	Direct and through Business Correspondents	
3.	Environmental sustainability program: a. Reduction of GHG emissions through use of renewable energy and optimising energy efficiency b. Promoting ecological balance and natural resource conservation through tree plantation	Environmental sustainability, ecological balance and natural resource conservation	1. Local area 2. Andhra Pradesh (02 districts), Assam (01 district), Bihar (01 district), Chandigarh (01 district), Chhattisgarh (01 district), Delhi (05 districts), Gujarat (01 district), Haryana (06 districts), Karnataka (02 districts), Kerala (01 district), Maharashtra (05 districts), Madhya Pradesh (01 district), Odisha (01 district), Puducherry (01 district), Punjab (04 districts), Rajasthan (01 district), Tamil Nadu (06 districts), Telangana (02 districts), Uttar Pradesh (2 districts), Uttarakhand (03 districts), West Bengal (02 districts)	₹5.75 crores	Direct expenditure: ₹5.75 crores Overheads: Nil	₹5.75 crores	Direct	

(1) S. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered	(4) Projects or Programs (1) Local area or other (2) Specify the State and district where Projects or Programs was undertaken	(5) Amount Outlay (Budget) Project or Programs wise	(6) Amount Spent on the Projects or Programs Sub-heads: (1) Direct Expenditure on Projects or Programs (2) Overheads	(7) Cumulative Expenditure up to the Reporting Period	Annexure A (8)	
							Amount Spent: Direct or through implementing Agency	
4.	MSME Sector building program: Contribute to MSME sector capabilities enhancement through knowledge based skills development.	Education (skills development)	1. Local area 2. Andhra Pradesh (02 districts), Assam (01 district), Bihar (1 district), Chandigarh (01 district), Chhattisgarh (01 district), Gujarat (03 districts), Haryana (02 district), Kerala (01 district), Karnataka (01 district), Maharashtra (07 districts), Madhya Pradesh (02 districts), Odisha (01 districts), Punjab (02 districts), Rajasthan (02 districts), Tamil Nadu (05 districts), Telangana (01 districts), Uttar Pradesh (03 districts), West Bengal (01 district)	₹1.09 crores	Direct expenditure: ₹1.09 crores Overheads: Nil	₹1.09 crores	Direct	
5.	Cleanliness and sanitation program: Cleanliness and sanitation drives to promote the 'Swachh Bharat' mission in rural areas where Bank has presence.	Sanitation	1. Local area 2. Andhra Pradesh (02 districts), Bihar (03 districts), Chhattisgarh (06 districts), Dadra & Nagar Haveli (01 district), Gujarat (21 districts), Haryana (15 districts), Jammu & Kashmir (06 districts), Karnataka (02 districts), Madhya Pradesh (07 districts), Odisha (15 districts), Punjab (21 districts), Rajasthan (02 districts), Tamil Nadu (07 districts), Telangana (01 districts), Uttar Pradesh (13 districts), Uttarakhand (04 districts)	₹0.06 crores	Direct expenditure: ₹0.06 crores Overheads: Nil	₹0.06 crores	Direct	
6.	Administrative expenses: Administrative and other expenses including salaries and training cost for the Bank's CSR personnel, training and capacity building of implementation partners and staff cost for CSR initiatives up to 5% of overall CSR Expenditure	Allowed under Rule 4, sub-rule 6 of CSR Rules 2014	Not Applicable	₹1.82 crores	Direct expenditure: Nil Overheads: ₹1.82 crores	₹1.82 crores	Direct	
	<b>TOTAL</b>			₹123.22 crores	₹123.22 crores	₹316.72 crores		

\*Give details of implementing agency: The details of partners of Axis Bank Foundation are available at <http://www.axisbankfoundation.org/partners/partners.aspx>.  
The details of the Bank's Business Correspondent (BC) Partners are available at <http://www.axisbank.com/agri-rural/financial-inclusion/business-correspondents/business-correspondents.aspx>

**ANNEXURE VI**  
**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To,**  
**The Members,**  
**Axis Bank Limited**  
**"Trishul", 3<sup>rd</sup> Floor,**  
**Opp. Samartheshwar Temple,**  
**Near Law Garden, Ellisbridge,**  
**Ahmedabad 380 006.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Axis Bank Limited (hereinafter called "the Bank"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minutes books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officer, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2015, complied with the statutory provisions listed hereunder and also that the Bank has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31<sup>st</sup> March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (during the year under review not applicable to the Bank);
  - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Bank); and
  - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (during the year under review not applicable to the Bank);

- (vi) The Banking Regulation Act, 1949;
- (vii) Securities and Exchange Board India (Merchant Bankers) Regulations, 1992;
- (viii) Securities and Exchange Board India (Depositories and Participants) Regulations, 1996;
- (ix) Securities and Exchange Board India (Bankers to an Issue) Regulations, 1994;
- (x) Securities and Exchange Board India (Custodian of Securities) Regulations, 1996;
- (xi) Securities and Exchange Board India (Stock Brokers and Sub-brokers) Regulations, 1992;
- (xii) Securities and Exchange Board India (Portfolio Managers) Regulations, 1993;

We have examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India (it is not applicable to the Bank during the period under review);
- b) Equity Listing Agreement and Debt Listing Agreement entered with National Stock Exchange of India Limited and BSE Limited.

During the period under review the Bank has complied with the provisions of Act, Rules, Regulations, Guidelines etc. mentioned above.

We further report that:

The Board of Directors of the Bank is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the Board are carried through unanimously. As per the records provided by the Bank, none of the member of the Board dissented on any resolution passed at the meeting.

We further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Bank has made the stock split from ₹10 per equity share to ₹2 equity per share vide resolution passed by the members of the Bank in its Annual General Meeting dated 27<sup>th</sup> June 2014.

For **Mehta & Mehta**  
**Company Secretaries**  
**(ICSI Unique Code P1996MH007500)**

**Dipti Mehta**

Partner

FCS No. : 3667

CP No. : 3202

Place : Mumbai

Date : 29<sup>th</sup> April 2015

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

## Annexure A

To,

**The Members,  
Axis Bank Limited  
"Trishul", 3<sup>rd</sup> Floor,  
Opp. Samartheshwar Temple,  
Near Law Garden, Ellisbridge,  
Ahmedabad 380 006.**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For **Mehta & Mehta**  
**Company Secretaries**  
**(ICSI Unique Code P1996MH007500)**

**Dipti Mehta**

Partner

FCS No. : 3667

CP No. : 3202

Place : Mumbai

Date : 29<sup>th</sup> April 2015



# INDEPENDENT AUDITORS' REPORT

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To

**The Members of Axis Bank Limited**

## **Report on the Standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of Axis Bank Limited (hereinafter referred to as "the Bank"), which comprise the Balance Sheet as at 31 March, 2015 and the Profit and Loss Account and the Cash Flow statement for the year then ended and significant accounting policies and notes forming part of the accounts.

## **Management's Responsibility for the Standalone Financial Statements**

2. The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, in so far as they apply to the Bank and the Guidelines issued by Reserve Bank of India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards, in so far as they apply to the Bank and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for the banking companies and give a true and fair view of the state of affairs of the Bank as at 31 March, 2015, and its profit and its cash flows for the year then ended.

## **Report on Other Legal and Regulatory Matters**

6. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 and read with Rule 7 of the Companies (Accounts) Rules, 2014.

7. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and our appointment letter dated 2 July, 2014, we report that:
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
  - (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
  - (c) The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 161 branches for the purpose of our audit.
8. Further, as required by section 143(3) of the Companies Act, 2013, we further report that:
- (a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by us in the Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and
  - (e) On the basis of the written representations received from the directors as on 31 March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

#### **Other Matters**

9. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (a) The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Schedule 12.1 and Note 18.2.2.15 (a) to the standalone financial statements;
  - (b) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts – Refer Note 18.2.2.15 to the standalone financial statements and
  - (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
10. The financial statements for the year ended 31 March, 2014 were audited by another auditor who expressed an unmodified opinion on these financial statements on 25 April, 2014.

#### **For S. R. Batliboi & Co LLP.**

Chartered Accountants

ICAI Firm Registration Number: 301003E

#### **Viren H. Mehta**

Partner

Membership Number: 048749

Mumbai, 29 April 2015

# AXIS BANK LIMITED - BALANCE SHEET

## BALANCE SHEET AS AT 31 MARCH, 2015

		As at 31-03-2015	As at 31-03-2014
	Schedule No.	(₹ in Thousands)	(₹ in Thousands)
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	4,741,044	4,698,446
Reserves & Surplus	2	442,024,106	377,506,419
Deposits	3	3,224,419,369	2,809,445,649
Borrowings	4	797,582,689	502,909,425
Other Liabilities and Provisions	5	150,556,734	137,888,943
<b>TOTAL</b>		<b>4,619,323,942</b>	<b>3,832,448,882</b>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	6	198,188,397	170,413,196
Balances with Banks and Money at Call and Short Notice	7	162,801,921	111,973,750
Investments	8	1,323,428,317	1,135,484,344
Advances	9	2,810,830,297	2,300,667,584
Fixed Assets	10	25,143,105	24,102,106
Other Assets	11	98,931,905	89,807,902
<b>TOTAL</b>		<b>4,619,323,942</b>	<b>3,832,448,882</b>
Contingent Liabilities	12	5,911,749,072	5,950,644,942
Bills for Collection		490,086,861	366,015,787
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Balance Sheet			

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP  
Chartered Accountants

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

K. N. Prithviraj  
Director

V. R. Kaundinya  
Director

Samir K. Barua  
Director

S. Vishvanathan  
Director

Shikha Sharma  
Managing Director & CEO

Date : 29 April, 2015  
Place : Mumbai

Sanjeev Kapoor  
Company Secretary

V. Srinivasan  
Executive Director  
& Head (Corporate Banking)

Sanjeev K. Gupta  
Executive Director (Corporate Centre)  
& Chief Financial Officer

# AXIS BANK LIMITED - PROFIT & LOSS ACCOUNT

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2015

		Year ended 31-03-2015	Year ended 31-03-2014
	Schedule No.	(₹ in Thousands)	(₹ in Thousands)
<b>I INCOME</b>			
Interest earned	13	354,785,977	306,411,554
Other income	14	83,650,458	74,052,247
<b>TOTAL</b>		<b>438,436,435</b>	<b>380,463,801</b>
<b>II EXPENDITURE</b>			
Interest expended	15	212,544,595	186,895,220
Operating expenses	16	92,037,456	79,007,739
Provisions and contingencies	18 (2.1.1)	60,276,161	52,384,176
<b>TOTAL</b>		<b>364,858,212</b>	<b>318,287,135</b>
<b>III NET PROFIT FOR THE YEAR (I - II)</b>		<b>73,578,223</b>	<b>62,176,666</b>
Balance in Profit & Loss Account brought forward from previous year		135,014,461	100,292,624
<b>IV AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>208,592,684</b>	<b>162,469,290</b>
<b>V APPROPRIATIONS :</b>			
Transfer to Statutory Reserve		18,394,555	15,544,167
Transfer to Investment Reserve		254,885	500,289
Transfer to Capital Reserve	18 (2.2.1)	631,421	388,664
Transfer to/(from) Reserve Fund	18 (2.2.2)	(12,664)	10,465
Proposed dividend (includes tax on dividend)	18 (2.2.5)	13,089,573	11,011,244
Balance in Profit & Loss Account carried forward		176,234,914	135,014,461
<b>TOTAL</b>		<b>208,592,684</b>	<b>162,469,290</b>
<b>VI EARNINGS PER EQUITY SHARE</b>	18 (2.2.3)		
(Face value ₹2/- per share) (Rupees)			
Basic		31.18	26.51
Diluted		30.85	26.45
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Profit and Loss Account			

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP  
Chartered Accountants

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

K. N. Prithviraj  
Director

V. R. Kaundinya  
Director

Samir K. Barua  
Director

S. Vishvanathan  
Director

Shikha Sharma  
Managing Director & CEO

Date : 29 April, 2015  
Place : Mumbai

Sanjeev Kapoor  
Company Secretary

V. Srinivasan  
Executive Director  
& Head (Corporate Banking)

Sanjeev K. Gupta  
Executive Director (Corporate Centre)  
& Chief Financial Officer

# AXIS BANK LIMITED - CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

	Year ended 31-03-2015 (₹ in Thousands)	Year ended 31-03-2014 (₹ in Thousands)
<b>Cash flow from operating activities</b>		
<b>Net profit before taxes</b>	<b>110,568,345</b>	<b>93,486,266</b>
<b>Adjustments for:</b>		
Depreciation on fixed assets	<b>4,056,721</b>	3,639,307
Depreciation on investments	<b>(509,798)</b>	(1,002,934)
Amortisation of premium on Held to Maturity investments	<b>733,501</b>	741,629
Provision for Non Performing Assets (including bad debts)	<b>17,886,115</b>	12,959,797
Provision on standard assets	<b>2,902,218</b>	2,902,257
Provision on Unhedged Foreign Currency Exposure	<b>1,336,600</b>	-
Provision for wealth tax	<b>9,300</b>	4,200
(Profit)/Loss on sale of fixed assets (net)	<b>35,854</b>	142,344
Provision for country risk	-	-
Provision for restructured assets	<b>(818,769)</b>	1,947,624
Provision for other contingencies	<b>2,480,373</b>	4,263,632
	<b>138,680,460</b>	<b>119,084,122</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in investments	<b>(114,269,391)</b>	139,416,485
(Increase)/Decrease in advances	<b>(526,386,792)</b>	(344,886,856)
Increase/(Decrease) in deposits	<b>414,973,720</b>	283,309,768
(Increase)/Decrease in other assets	<b>(5,543,072)</b>	(15,824,833)
Increase/(Decrease) in other liabilities & provisions	<b>4,112,258</b>	20,351,130
Direct taxes paid	<b>(40,787,347)</b>	(34,424,254)
<b>Net cash flow from operating activities</b>	<b>(129,220,164)</b>	<b>167,025,562</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	<b>(5,239,405)</b>	(5,894,258)
(Increase)/Decrease in Held to Maturity investments	<b>(73,659,581)</b>	(131,889,049)
(Increase)/Decrease in Investment in Subsidiaries	<b>(1,097,500)</b>	(6,378,202)
Proceeds from sale of fixed assets	<b>99,961</b>	1,686,699
<b>Net cash used in investing activities</b>	<b>(79,896,525)</b>	<b>(142,474,810)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

	Year ended 31-03-2015 (₹ in Thousands)	Year ended 31-03-2014 (₹ in Thousands)
<b>Cash flow from financing activities</b>		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	9,164,337	(1,341,919)
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	285,508,927	64,740,359
Proceeds from issue of share capital	42,599	18,901
Proceeds from share premium (net of share issue expenses)	4,768,948	1,356,819
Payment of dividend	(11,024,839)	(9,872,689)
<b>Net cash generated from financing activities</b>	<b>288,459,972</b>	<b>54,901,471</b>
Effect of exchange fluctuation translation reserve	(739,911)	(1,414,876)
Net increase in cash and cash equivalents	78,603,372	78,037,347
Cash and cash equivalents at the beginning of the year	282,386,946	204,349,599
Cash and cash equivalents at the end of the year	360,990,318	282,386,946
Notes to the Cash Flow Statement:		
Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	198,188,397	170,413,196
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	162,801,921	111,973,750
Cash and cash equivalents at the end of the year	360,990,318	282,386,946

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP  
Chartered Accountants

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

K. N. Prithviraj  
Director

V. R. Kaundinya  
Director

Samir K. Barua  
Director

S. Vishvanathan  
Director

Shikha Sharma  
Managing Director & CEO

Date : 29 April, 2015  
Place : Mumbai

Sanjeev Kapoor  
Company Secretary

V. Srinivasan  
Executive Director  
& Head (Corporate Banking)

Sanjeev K. Gupta  
Executive Director (Corporate Centre)  
& Chief Financial Officer

# AXIS BANK LIMITED - SCHEDULES

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2015

	As at 31-03-2015 (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 1 - CAPITAL</b>		
<b>Authorised Capital</b>		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
<b>Issued, Subscribed and Paid-up capital</b>		
2,370,522,199 (Previous year - 2,349,222,765) Equity Shares of ₹2/- each fully paid-up [Refer Schedule 18.1]	4,741,044	4,698,446
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>I. Statutory Reserve</b>		
Opening Balance	66,918,613	51,374,446
Additions during the year	18,394,555	15,544,167
	85,313,168	66,918,613
<b>II. Share Premium Account</b>		
Opening Balance	158,971,691	157,614,872
Additions during the year	4,768,948	1,356,819
Less: Share issue expenses	-	-
	163,740,639	158,971,691
<b>III. Investment Reserve Account</b>		
Opening Balance	1,034,860	534,571
Additions during the year	254,885	500,289
	1,289,745	1,034,860
<b>IV. General Reserve</b>		
Opening Balance	3,543,100	3,543,100
Additions during the year	-	-
	3,543,100	3,543,100
<b>V. Capital Reserve</b>		
Opening Balance	9,848,828	9,460,164
Additions during the year [Refer Schedule 18 (2.2.1)]	631,421	388,664
	10,480,249	9,848,828
<b>VI. Foreign Currency Translation Reserve [Refer Schedule 17 (4.5)]</b>		
Opening Balance	2,138,317	3,553,193
Additions/(Deductions) during the year (net)	(739,911)	(1,414,876)
	1,398,406	2,138,317
<b>VII. Reserve Fund</b>		
Opening Balance	36,549	26,084
Additions/(Deductions) during the year (net) [Refer Schedule 18 (2.2.2)]	(12,664)	10,465
	23,885	36,549
<b>VIII. Balance in Profit &amp; Loss Account</b>	176,234,914	135,014,461
<b>TOTAL</b>	<b>442,024,106</b>	<b>377,506,419</b>

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2015

	As at 31-03-2015 (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 3 - DEPOSITS</b>		
A. I. Demand Deposits		
(i) From banks	39,562,710	32,988,992
(ii) From others	521,519,479	453,875,002
II. Savings Bank Deposits	882,920,829	777,759,443
III. Term Deposits		
(i) From banks	84,010,165	118,566,234
(ii) From others	1,696,406,186	1,426,255,978
<b>TOTAL</b>	<b>3,224,419,369</b>	<b>2,809,445,649</b>
B. I. Deposits of branches in India	3,171,892,483	2,669,187,357
II. Deposits of branches outside India	52,526,886	140,258,292
<b>TOTAL</b>	<b>3,224,419,369</b>	<b>2,809,445,649</b>

## SCHEDULE 4 - BORROWINGS

I. Borrowings in India		
(i) Reserve Bank of India	-	2,790,000
(ii) Other banks #	20,582,000	28,653,700
(iii) Other institutions & agencies **	255,729,912	155,918,476
II. Borrowings outside India \$	521,270,777	315,547,249
<b>TOTAL</b>	<b>797,582,689</b>	<b>502,909,425</b>

Secured borrowings included in I & II above - -

# Borrowings from other banks include Subordinated Debt of ₹377.60 crores (previous year ₹407.60 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of Nil (previous year Nil) and Upper Tier II instruments of ₹49.10 crores (previous year ₹59.10 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

\*\* Borrowings from other institutions & agencies include Subordinated Debt of ₹10,823.20 crores (previous year ₹9,943.20 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹214.00 crores (previous year ₹214.00 crores) and Upper Tier II instruments of ₹258.40 crores (previous year ₹248.40 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

\$ Borrowings outside India include Perpetual Debt of ₹287.50 crores (previous year ₹275.61 crores) and Upper Tier II instruments of ₹1,311.98 crores (previous year ₹1,257.44 crores) [Also refer Note 18 (2.1.3)]

## SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I. Bills payable	39,372,758	35,781,997
II. Inter-office adjustments (net)	-	-
III. Interest accrued	20,547,095	11,428,311
IV. Proposed dividend (includes tax on dividend)	13,055,440	10,990,706
V. Contingent provision against standard assets	15,956,484	12,970,256
VI. Others (including provisions)	61,624,957	66,717,673
<b>TOTAL</b>	<b>150,556,734</b>	<b>137,888,943</b>



# **SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2015**

	As at 31-03-2015 (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
I. Cash in hand (including foreign currency notes)	42,154,312	41,646,443
II. Balances with Reserve Bank of India:		
(i) in Current Account	156,034,085	128,766,753
(ii) in Other Accounts	-	-
<b>TOTAL</b>	<b>198,188,397</b>	<b>170,413,196</b>

## **SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE**

I. In India		
(i) Balance with Banks		
(a) in Current Accounts	1,941,210	2,218,145
(b) in Other Deposit Accounts	12,852,440	10,252,205
(ii) Money at Call and Short Notice		
(a) With banks	-	-
(b) With other institutions	86,192,067	6,587,734
<b>TOTAL</b>	<b>100,985,717</b>	<b>19,058,084</b>
II. Outside India		
(i) in Current Accounts	8,062,433	13,926,856
(ii) in Other Deposit Accounts	24,314,311	27,706,630
(iii) Money at Call & Short Notice	29,439,460	51,282,180
<b>TOTAL</b>	<b>61,816,204</b>	<b>92,915,666</b>
<b>GRAND TOTAL (I+II)</b>	<b>162,801,921</b>	<b>111,973,750</b>

## **SCHEDULE 8 - INVESTMENTS**

I. Investments in India in -		
(i) Government Securities ## **	812,460,111	690,967,197
(ii) Other approved securities	-	-
(iii) Shares	7,390,249	6,118,086
(iv) Debentures and Bonds	250,682,120	236,365,878
(v) Investment in Subsidiaries/Joint Ventures	8,694,365	7,596,865
(vi) Others (Mutual Fund units, CD/CP, Priority Sector deposits, PTC etc.) @	229,073,943	183,325,790
<b>Total Investments in India</b>	<b>1,308,300,788</b>	<b>1,124,373,816</b>
II. Investments outside India in -		
(i) Government Securities (including local authorities)	9,831,909	5,037,042
(ii) Subsidiaries and/or joint ventures abroad	2,995,712	2,995,713
(iii) Others (Equity Shares and Bonds)	2,299,908	3,077,773
<b>Total Investments outside India</b>	<b>15,127,529</b>	<b>11,110,528</b>
<b>GRAND TOTAL (I+II)</b>	<b>1,323,428,317</b>	<b>1,135,484,344</b>

## Includes securities costing ₹11,981.89 crores (previous year ₹5,224.77 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

\*\* Inclusive of Repo Lending of Nil (previous year ₹2,600.00 crores) and net of Repo borrowing of ₹6,194.55 crores (previous year Nil) under the Liquidity Adjustment Facility in line with the RBI requirements

@ Includes Priority Sector deposits of ₹14,792.62 crores (previous year ₹11,006.97 crores) and PTC's of ₹1,037.59 crores (previous year ₹2,328.21 crores) net of depreciation, if any

# **SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2015**

	As at 31-03-2015 (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 9 - ADVANCES</b>		
A. (i) Bills purchased and discounted *	52,037,662	32,128,953
(ii) Cash credits, overdrafts and loans repayable on demand @	804,186,766	688,438,246
(iii) Term loans #	1,954,605,869	1,580,100,385
<b>TOTAL</b>	<b>2,810,830,297</b>	<b>2,300,667,584</b>
B. (i) Secured by tangible assets \$	2,194,008,860	1,888,972,790
(ii) Covered by Bank/Government Guarantees &&	34,123,543	30,464,715
(iii) Unsecured	582,697,894	381,230,079
<b>TOTAL</b>	<b>2,810,830,297</b>	<b>2,300,667,584</b>
C. I. Advances in India		
(i) Priority Sector	697,714,885	627,610,775
(ii) Public Sector	35,629,745	37,642,652
(iii) Banks	2,392,968	2,088,299
(iv) Others	1,616,864,530	1,275,998,080
<b>TOTAL</b>	<b>2,352,602,128</b>	<b>1,943,339,806</b>
II. Advances Outside India		
(i) Due from banks	1,562,500	6,211,853
(ii) Due from others -		
(a) Bills purchased and discounted	4,528,093	2,455,311
(b) Syndicated loans	117,111,191	104,660,986
(c) Others	335,026,385	243,999,628
<b>TOTAL</b>	<b>458,228,169</b>	<b>357,327,778</b>
<b>GRAND TOTAL (CI+CII)</b>	<b>2,810,830,297</b>	<b>2,300,667,584</b>

\* Net of borrowings under Bills Rediscounting Scheme Nil (previous year ₹2,800.00 crores)

@ Net of borrowings under Inter Bank Participation Certificate/Funded Risk Participation ₹1,301.43 crores (previous year ₹4,129.04 crores)

# Net of borrowings under Inter Bank Participation Certificate ₹15,317.68 crores (previous year ₹11,908.59 crores)

\$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

# **SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2015**

	As at 31-03-2015 (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 10 - FIXED ASSETS</b>		
<b>I. Premises</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	9,041,075	9,041,075
Additions during the year	465,496	-
Deductions during the year	-	-
<b>TOTAL</b>	<b>9,506,571</b>	<b>9,041,075</b>
<b>Depreciation</b>		
As at the beginning of the year	556,787	409,511
Charge for the year	151,921	147,276
Deductions during the year	-	-
Depreciation to date	708,708	556,787
<b>Net Block</b>	<b>8,797,863</b>	<b>8,484,288</b>
<b>II. Other fixed assets (including furniture &amp; fixtures)</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	32,507,770	30,404,839
Additions during the year	4,757,982	6,148,638
Deductions during the year	(1,802,270)	(4,045,707)
<b>TOTAL</b>	<b>35,463,482</b>	<b>32,507,770</b>
<b>Depreciation</b>		
As at the beginning of the year	17,886,636	16,731,046
Charge for the year	3,904,800	3,492,031
Deductions during the year	(1,660,585)	(2,336,441)
Depreciation to date	20,130,851	17,886,636
<b>Net Block</b>	<b>15,332,631</b>	<b>14,621,134</b>
<b>III. CAPITAL WORK-IN-PROGRESS (including capital advances)</b>	<b>1,012,611</b>	<b>996,684</b>
<b>GRAND TOTAL (I+II+III)</b>	<b>25,143,105</b>	<b>24,102,106</b>

## **SCHEDULE 11 - OTHER ASSETS**

I. Inter-office adjustments (net)	-	-
II. Interest Accrued	41,505,112	33,854,722
III. Tax paid in advance/tax deducted at source (net of provisions)	2,047,331	-
IV. Stationery and stamps	10,081	12,598
V. Non banking assets acquired in satisfaction of claims	-	438,108
VI. Others #	55,369,381	55,502,474
<b>TOTAL</b>	<b>98,931,905</b>	<b>89,807,902</b>

# Includes deferred tax assets of ₹1,886.91 crores (previous year ₹1,733.55 crores) [Refer Schedule 18 (2.2.10)]

# **SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2015**

	As at 31-03-2015 (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>		
I. Claims against the Bank not acknowledged as debts	<b>2,740,743</b>	2,370,182
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange and derivative contracts :		
a) Forward Contracts	<b>2,800,956,981</b>	2,312,741,992
b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	<b>1,641,749,576</b>	2,299,486,452
c) Foreign Currency Options	<b>238,438,623</b>	202,687,973
TOTAL (a+b+c)	<b>4,681,145,180</b>	4,814,916,417
IV. Guarantees given on behalf of constituents		
In India	<b>582,793,361</b>	529,708,072
Outside India	<b>137,954,192</b>	133,640,480
V. Acceptances, endorsements and other obligations	<b>315,837,757</b>	238,821,561
VI. Other items for which the Bank is contingently liable	<b>191,277,839</b>	231,188,230
<b>GRAND TOTAL (I+II+III+IV+V+VI) [Refer Schedule 18 (2.2.15)]</b>	<b>5,911,749,072</b>	5,950,644,942

# **SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2015**

	Year ended 31-03-2015 (₹ in Thousands)	Year ended 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 13 - INTEREST EARNED</b>		
I. Interest/discount on advances/bills	258,678,187	219,504,303
II. Income on investments	91,170,923	83,431,301
III. Interest on balances with Reserve Bank of India and other inter-bank funds	2,312,594	1,667,839
IV. Others	2,624,273	1,808,111
<b>TOTAL</b>	<b>354,785,977</b>	<b>306,411,554</b>
<b>SCHEDULE 14 - OTHER INCOME</b>		
I. Commission, exchange and brokerage	61,210,700	53,937,636
II. Profit/(Loss) on sale of investments (net) [Refer Schedule 18 (2.2.1)]	9,949,036	3,275,775
III. Profit/(Loss) on sale of fixed assets (net)	(35,854)	(142,344)
IV. Profit on exchange/derivative transactions (net)	9,841,234	15,176,525
V. Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	338,125	18,750
VI. Miscellaneous Income [including recoveries on account of advances/investments written-off in earlier years ₹169.86 crores (previous year ₹183.91 crores) and net profit on account of portfolio sell downs/securitisation ₹43.40 crores (previous year net loss of ₹20.57 crores)]	2,347,217	1,785,905
<b>TOTAL</b>	<b>83,650,458</b>	<b>74,052,247</b>
<b>SCHEDULE 15 - INTEREST EXPENDED</b>		
I. Interest on deposits	171,368,102	154,588,983
II. Interest on Reserve Bank of India/Inter-bank borrowings	15,170,269	9,006,843
III. Others	26,006,224	23,299,394
<b>TOTAL</b>	<b>212,544,595</b>	<b>186,895,220</b>
<b>SCHEDULE 16 - OPERATING EXPENSES</b>		
I. Payments to and provisions for employees	31,149,697	26,013,494
II. Rent, taxes and lighting	8,102,644	8,047,786
III. Printing and stationery	1,183,585	1,136,346
IV. Advertisement and publicity	905,679	959,548
V. Depreciation on bank's property	4,056,721	3,639,307
VI. Directors' fees, allowance and expenses	17,596	10,377
VII. Auditors' fees and expenses	15,692	19,551
VIII. Law charges	108,424	105,915
IX. Postage, telegrams, telephones etc.	3,069,818	2,805,292
X. Repairs and maintenance	7,323,168	6,257,486
XI. Insurance	3,663,895	3,166,611
XII. Other expenditure	32,440,537	26,846,026
<b>TOTAL</b>	<b>92,037,456</b>	<b>79,007,739</b>

## 17 Significant accounting policies for the year ended 31 March, 2015

### 1 Background

Axis Bank Limited ('the Bank') was incorporated in 1993 and provides a complete suite of corporate and retail banking products.

### 2 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India to comply with the, statutory requirements prescribed under the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and practices generally prevalent in the banking industry in India.

### 3 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

### 4 Significant accounting policies

#### 4.1 Investments

##### *Classification*

In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities.

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/ Joint Ventures and Others.

Investments made outside India are classified under three categories – Government Securities, Subsidiaries and/ or Joint Ventures abroad and Others.

##### *Transfer of security between categories*

Transfer of security between categories of investments is accounted as per the RBI guidelines.

##### *Acquisition cost*

Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

## Valuation

Investments classified under the HTM category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments classified under the AFS and HFT categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose;
- in case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company;
- units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are marked to market based on the Net Asset Value ('NAV') shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF after 23<sup>rd</sup> August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines and
- security receipts are valued as per the NAV obtained from the issuing Reconstruction Company/Securitisation Company.

Investments in subsidiaries/joint ventures are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines.

Realised gains on investments under the HTM category are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date as the corporate actions are effected in equity on the trade date.

#### *Repurchase and reverse repurchase transactions*

Repurchase and reverse repurchase transactions in government securities and corporate debt securities [excluding those conducted under the Liquid Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI] are accounted as collateralised borrowing and lending respectively. Such transactions done under LAF and MSF are accounted as outright sale and outright purchase respectively.

#### *Short Sales*

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorised under HFT category. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

### **4.2 Advances**

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs and floating provisions. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI.

In addition to the above, the Bank on a prudential basis, makes provision for expected losses against advances or other exposures to specific assets/industry/sector either on a case-by-case basis or for a group of assets, based on specific information or general economic environment. These are classified as contingent provision and included under Schedule 5 - Other Liabilities in the Balance Sheet.

Loss assets and unsecured portion of doubtful assets are provided/written-off as per the extant RBI guidelines. NPAs are identified by periodic appraisals of the loan portfolio by the Management.

Amounts recovered against debts written-off are recognised in the Profit and Loss account.

For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring.

For entities with Unhedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') of a specific period subject to fulfilment of a set of conditions by the borrower. The Bank makes provision on an estimated basis against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

### **4.3 Country risk**

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and



off-credit and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

#### **4.4 Securitisation**

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate ('PTC') holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS 29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

In accordance with RBI guidelines of 7 May 2012, on 'Guidelines on Securitisation of Standard Assets', gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV as prescribed under RBI guidelines. Loss on securitisation is immediately debited to the Profit and Loss Account.

#### **4.5 Foreign currency transactions**

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign branches classified as non-integral foreign operations as per the RBI guidelines are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing rates notified by FEDAI at the year end.
- Income and expenses are translated at the rates prevailing on the date of the transactions.
- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments. Any realised gains or losses are recognised in the Profit and Loss Account.

Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on PV basis by discounting the forward value till spot date and converting the FCY amount using the respective spot rates as notified by FEDAI. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

#### **4.6 Derivative transactions**

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The

effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. The premium on option contracts is accounted for as per FEDAI guidelines. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive Mark to Market (MTM) in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss account and are held in separate Suspense Account.

Currency futures contracts are marked to market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

#### **4.7 Revenue recognition**

Interest income is recognised on an accrual basis except interest income on non-performing assets, which is recognised on receipt in accordance with AS – 9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the RBI guidelines.

Fees and commission income is recognised when due, except for guarantee commission which is recognized on a pro-rata basis over the period of the guarantee.

Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

#### **4.8 Fixed assets and depreciation/impairment**

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation is provided on the straight-line method from the date of addition. Till the year ended 31 March, 2014, depreciation rates prescribed under Schedule XIV to the Companies Act, 1956, were treated as minimum rates and the Bank was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013, prescribes useful lives of fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets.

<b>Asset</b>	<b>Estimated useful life*</b>
Owned premises	60 years
Computer hardware including printers	3 years
Application software	5 years
Vehicles	4 years
EPABX, telephone instruments	8 years
CCTV and video conferencing equipment	3 years
Mobile phone	2 years
Locker cabinets/cash safe/strong room door	10 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Assets at staff residence	3 years
All other fixed assets	10 years

\* The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Profit and Loss Account till the date of sale.

Profit on sale of premises is appropriated to Capital Reserve Account in accordance with RBI instructions.

#### *Change in estimated useful life of fixed assets*

During the year, the Bank has revised the estimated useful lives of the following fixed assets:

- Premises from 61 years to 60 years
- Locker cabinets/cash safe/strong room door from 16 years to 10 years

As a result of the aforesaid revision, the net depreciation charge for the year is higher by ₹3.69 crores with a corresponding decrease in the net block of fixed assets.

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### **4.9 Lease transactions**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

#### **4.10 Retirement and other employee benefits**

##### **Provident Fund**

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate.

## **Gratuity**

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable.

## **Compensated Absences**

Short term compensated absences are provided for based on estimates of encashment/availing of leave. The Bank provides long term compensated absences based on actuarial valuation conducted by an independent actuary. The actuarial valuation is carried out as per the Projected Unit Credit Method as at 31 March each year.

Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

## **Superannuation**

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan, the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lumpsum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

### **4.11 Reward points**

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

### **4.12 Taxation**

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the Income tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

#### **4.13 Share issue expenses**

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

#### **4.14 Earnings per share**

The Bank reports basic and diluted earnings per share in accordance with AS 20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end.

#### **4.15 Employee stock option scheme**

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have been repealed in the month of October, 2014 and were substituted by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme is in compliance with the said regulations. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidelines. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date is recognised as a deferred compensation cost and amortised on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

#### **4.16 Provisions, contingent liabilities and contingent assets**

A provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## 18 Notes forming part of the financial statements for the year ended 31 March, 2015

(Currency: In Indian Rupees)

- The shareholders of the Bank at the 20<sup>th</sup> Annual General Meeting held on 27 June, 2014, approved the sub-division (split) of one equity share of the Bank from nominal value of ₹10/- each into five equity shares of nominal value of ₹2/- each. The record date for the sub-division was 30 July, 2014. All shares, stock options and per share information in the financial statements reflect the effect of sub-division (split) retrospectively for the earlier reporting periods.

### 2. Statutory disclosures as per RBI

- 2.1.1 'Provisions and contingencies' recognised in the Profit and Loss Account comprise of:

	(₹ in crores)	
For the year ended	31 March, 2015	31 March, 2014
Provision for income tax		
- Current tax	3,852.37	3,489.74
- Deferred tax (Refer 2.2.10)	(153.36)	(358.78)
	3,699.01	3,130.96
Provision for wealth tax	0.93	0.42
Provision for non-performing assets (including bad debts written-off and write-backs)	1,788.61	1,295.98
Provision for restructured assets	(81.88)	194.76
Provision towards standard assets	290.22	290.23
Provision for depreciation in value of investments	(50.98)	(100.29)
Provision for unhedged foreign currency exposure	133.66	-
Provision for country risk	-	-
Provision for other contingencies	248.05	426.36
<b>Total</b>	<b>6,027.62</b>	<b>5,238.42</b>

- 2.1.2 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Capital adequacy		
Common Equity Tier I	41,680.96	35,805.48
Tier I	41,680.96	35,805.48
Tier II	10,423.85	9,790.55
<b>Total capital</b>	<b>52,104.81</b>	<b>45,596.03</b>
Total risk weighted assets and contingents	3,45,200.44	2,83,807.26
Capital ratios		
Common Equity Tier I	12.07%	12.62%
Tier I	12.07%	12.62%
Tier II	3.02%	3.45%
<b>CRAR</b>	<b>15.09%</b>	<b>16.07%</b>
<b>Amount of equity capital raised</b>	-	-
<b>Amount of additional Tier I capital raised of which:</b>		
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI)	-	-
<b>Amount of Tier II capital raised of which:</b>		
Debt capital instrument (details given below)	850.00	-
Preferential capital instrument	-	-

During the year ended 31 March, 2015, the Bank has raised subordinated debt of ₹850 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
12 February, 2025	120 months	8.45%	₹850 crores

The Bank has not raised subordinated debt during the year ended 31 March, 2014.

The Bank has not redeemed subordinated debt during the year ended 31 March, 2015.

During the year ended 31 March, 2014, the Bank redeemed subordinated debt of ₹278.50 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
26 April, 2013	117 months	7.00%	₹65.00 crores
22 June, 2013	87 months	8.50%	₹125.00 crores
22 June, 2013	87 months	8.32%	₹5.00 crores
28 September, 2013	87 months	8.95%	₹33.50 crores
15 October, 2013	117 months	6.50%	₹50.00 crores

2.1.3 The Bank has not raised any hybrid capital during the years ended 31 March, 2015 and 31 March, 2014.

2.1.4 The key business ratios and other information is set out below:

As at	31 March, 2015	31 March, 2014
	%	%
Interest income as a percentage to working funds <sup>#</sup>	<b>8.81</b>	8.78
Non-interest income as a percentage to working funds <sup>#</sup>	<b>2.08</b>	2.12
Operating profit as a percentage to working funds <sup>#</sup>	<b>3.33</b>	3.28
Return on assets (based on working funds) <sup>#</sup>	<b>1.83</b>	1.78
Business (deposits less inter-bank deposits plus advances) per employee <sup>**</sup>	<b>₹13.71 crores</b>	₹12.30 crores
Profit per employee <sup>**</sup>	<b>₹0.17 crore</b>	₹0.15 crore
Net non-performing assets as a percentage of net customer assets *	<b>0.44</b>	0.40

# Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year

\* Net Customer assets include advances and credit substitutes

\*\* Productivity ratios are based on average employee numbers for the year

2.1.5 The provisioning coverage ratio of the Bank computed in terms of the RBI guidelines as on 31 March, 2015 was 77.73% (previous year 78.10%).

2.1.6 Asset Quality

i) Net non-performing advances to net advances is set out below:

	31 March, 2015	31 March, 2014
	%	%
Net non-performing advances as a percentage of net advances	<b>0.46</b>	0.44

ii) Movement in gross non-performing assets is set out below:

(₹ in crores)

	31 March, 2015			
	Advances	Investments	Others*	Total
Gross NPAs as at the beginning of the year	3,001.42	144.91	0.08	3,146.41
Intra Category Transfer	0.08	-	(0.08)	-
Additions (fresh NPAs) during the year	2,747.81	106.58	-	2,854.39
<b>Sub-total (A)</b>	<b>5,749.31</b>	<b>251.49</b>	<b>-</b>	<b>6,000.80</b>
Less:-				
(i) Upgradations	317.16	-	-	317.16
(ii) Recoveries (excluding recoveries made from upgraded accounts)	355.33	-	-	355.33
(iii) Technical/Prudential Write-offs	832.48	-	-	832.48
(iv) Write-offs other than those under (iii) above	377.43	8.21	-	385.64
<b>Sub-total (B)</b>	<b>1,882.40</b>	<b>8.21</b>	<b>-</b>	<b>1,890.61</b>
<b>Gross NPAs as at the end of the year (A-B)</b>	<b>3,866.91</b>	<b>243.28</b>	<b>-</b>	<b>4,110.19</b>

(₹ in crores)

	31 March, 2014			
	Advances	Investments	Others*	Total
Gross NPAs as at the beginning of the year	2,371.41	10.29	11.72	2,393.42
Intra Category Transfer	5.11	1.76	(6.87)	-
Additions (fresh NPAs) during the year	2,387.44	159.67	0.52	2,547.63
<b>Sub-total (A)</b>	<b>4,763.96</b>	<b>171.72</b>	<b>5.37</b>	<b>4,941.05</b>
Less:-				
(i) Upgradations	331.32	-	-	331.32
(ii) Recoveries (excluding recoveries made from upgraded accounts)	534.94	8.23	-	543.17
(iii) Technical/Prudential Write-offs	761.55	-	5.29	766.84
(iv) Write-offs other than those under (iii) above	134.73	18.58	-	153.31
<b>Sub-total (B)</b>	<b>1,762.54</b>	<b>26.81</b>	<b>5.29</b>	<b>1,794.64</b>
<b>Gross NPAs as at the end of the year (A-B)</b>	<b>3,001.42</b>	<b>144.91</b>	<b>0.08</b>	<b>3,146.41</b>

\*represents amount outstanding under application money classified as non-performing asset

iii) Movement in net non-performing assets is set out below:

(₹ in crores)

	31 March, 2015			
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	1,015.13	9.49	-	1,024.62
Additions during the year	1,012.22	20.69	(0.08)	1,032.83
Effect of exchange rate fluctuation	(10.50)	(0.44)	-	(10.94)
Reductions during the year	(655.87)	(8.21)	-	(664.08)
Interest Capitalisation – Restructured NPA Accounts	(74.01)	8.21	0.08	(65.72)
<b>Closing balance at the end of the year#</b>	<b>1,286.97</b>	<b>29.74</b>	<b>-</b>	<b>1,316.71</b>

#net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹101.22 crores



(₹ in crores)

31 March, 2014				
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	704.13	-	-	704.13
Additions during the year	1,180.30	25.88	0.08	1,206.26
Effect of exchange rate fluctuation	(1.61)	(0.07)	-	(1.68)
Reductions during the year	(873.75)	(8.11)	-	(881.86)
Interest Capitalisation – Restructured NPA Accounts	6.06	(8.21)	(0.08)	(2.23)
<b>Closing balance at the end of the year#</b>	<b>1,015.13</b>	<b>9.49</b>	<b>-</b>	<b>1,024.62</b>

# net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹35.50 crores

- iv) Movement in provisions for non-performing assets is set out below:

(₹ in crores)

31 March, 2015				
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	1,962.15	124.14	-	2,086.29
Intra-Category Transfer	-	-	-	-
Provisions made during the year	1,715.68	85.89	-	1,801.57
Effect of exchange rate fluctuation	10.50	0.44	-	10.94
Transfer from restructuring provision	19.99	-	-	19.99
Write-offs/(write-back) of excess provision	(1,226.53)*	-	-	(1,226.53)
<b>Closing balance at the end of the year</b>	<b>2,481.79</b>	<b>210.47</b>	<b>-</b>	<b>2,692.26</b>

\* includes provision utilised for sale of NPAs amounting to ₹20.39 crores

(₹ in crores)

31 March, 2014				
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	1,637.08	7.22	11.72	1,656.02
Intra-Category Transfer	5.11	1.32	(6.43)	-
Provisions made during the year	1,153.40	134.23	-	1,287.63
Effect of exchange rate fluctuation	1.61	0.07	-	1.68
Transfer from restructuring provision	53.74	-	-	53.74
Write-offs/(write-back) of excess provisions	(888.79)*	(18.70)	(5.29)	(912.78)
<b>Closing balance at the end of the year</b>	<b>1,962.15</b>	<b>124.14</b>	<b>-</b>	<b>2,086.29</b>

\* includes provision utilised for sale of NPAs amounting to ₹1.50 crores

- v) Movement in technical/prudential written-off accounts is set out below:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Opening balance at the beginning of the year	1,694.13	1,143.00
Add: Technical/Prudential write-offs during the year	832.48	766.84
<b>Sub-total (A)</b>	<b>2,526.61</b>	<b>1,909.84</b>
Less: Recovery made from previously technical/prudential written-off accounts during the year	(132.83)	(155.85)
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	(138.21)	(59.86)
<b>Sub-total (B)</b>	<b>(271.04)</b>	<b>(215.71)</b>
<b>Closing balance at the end of the year (A-B)</b>	<b>2,255.57</b>	<b>1,694.13</b>

- vi) Total exposure to top four non-performing assets is given below:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Total exposure to top four NPA accounts	931.34	650.77

- vii) Sector-wise advances:

		(₹ in crores)					
Sr. No.	Sector	31 March, 2015			31 March, 2014		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
<b>A</b>	<b>Priority Sector</b>						
<b>1</b>	<b>Agriculture and allied activities</b>	17,878.06	404.61	2.26%	15,326.93	433.95	2.83%
<b>2</b>	<b>Advances to industries sector eligible as priority sector lending</b>	16,726.92	256.30	1.53%	16,751.10	231.68	1.38%
-	Basic Metal & Metal Products	1,380.51	18.74	1.36%	-*	-*	-*
-	Infrastructure	506.78	8.82	1.74%	515.66	13.85	2.69%
<b>3</b>	<b>Services</b>	12,779.07	78.68	0.62%	12,367.01	81.81	0.66%
-	Banking and Finance other than NBFCs and MFs	4,899.58	14.59	0.30%	4,560.94	42.32	0.93%
-	Commercial Real Estate	114.52	0.43	0.38%	61.11	0.43	0.70%
-	Trade	6,505.10	52.87	0.81%	5,347.13	22.27	0.42%
<b>4</b>	<b>Personal loans</b>	22,896.47	108.82	0.48%	18,862.66	68.66	0.36%
-	Housing	18,531.98	69.17	0.37%	15,978.52	50.91	0.32%
	<b>Sub-total (A)</b>	<b>70,280.52</b>	<b>848.41</b>	<b>1.21%</b>	<b>63,307.70</b>	<b>816.10</b>	<b>1.29%</b>

Sr. No.	Sector	31 March, 2015			31 March, 2014		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
<b>B</b>	<b>Non Priority Sector</b>						
<b>1</b>	<b>Agriculture and allied activities</b>	<b>22.68</b>	<b>-</b>	<b>-</b>	<b>21.08</b>	<b>-</b>	<b>-</b>
<b>2</b>	<b>Industry</b>	<b>101,326.00</b>	<b>1,696.24</b>	<b>1.67%</b>	<b>79,476.97</b>	<b>971.88</b>	<b>1.22%</b>
-	<i>Basic Metal &amp; Metal Products</i>	<i>14,714.28</i>	<i>128.15</i>	<i>0.87%</i>	<i>-*</i>	<i>-*</i>	<i>-*</i>
-	<i>Infrastructure</i>	<i>36,449.43</i>	<i>394.70</i>	<i>1.08%</i>	<i>30,703.41</i>	<i>240.77</i>	<i>0.78%</i>
<b>3</b>	<b>Services</b>	<b>42,988.97</b>	<b>870.63</b>	<b>2.03%</b>	<b>36,906.29</b>	<b>873.22</b>	<b>2.37%</b>
-	<i>Banking and Finance other than NBFCs and MFs</i>	<i>4,934.56</i>	<i>-</i>	<i>-</i>	<i>4,333.37</i>	<i>-</i>	<i>-</i>
-	<i>Commercial Real Estate</i>	<i>11,129.20</i>	<i>65.00</i>	<i>0.58%</i>	<i>9,860.66</i>	<i>50.00</i>	<i>0.51%</i>
-	<i>Trade</i>	<i>8,727.17</i>	<i>123.36</i>	<i>1.41%</i>	<i>7,335.84</i>	<i>131.66</i>	<i>1.79%</i>
<b>4</b>	<b>Personal loans</b>	<b>69,390.57</b>	<b>451.63</b>	<b>0.65%</b>	<b>52,786.76</b>	<b>340.22</b>	<b>0.64%</b>
-	<i>Housing</i>	<i>36,408.22</i>	<i>137.43</i>	<i>0.38%</i>	<i>29,638.61</i>	<i>92.07</i>	<i>0.31%</i>
	<b>Sub-total (B)</b>	<b>213,728.22</b>	<b>3,018.50</b>	<b>1.41%</b>	<b>169,191.11</b>	<b>2,185.32</b>	<b>1.29%</b>
	<b>Total (A+B)</b>	<b>284,008.74</b>	<b>3,866.91</b>	<b>1.36%</b>	<b>232,498.80</b>	<b>3,001.42</b>	<b>1.29%</b>

Classification of advances into sector is based on Sector wise Industry Bank Credit return submitted to RBI

Figures in italics represent sub-sectors where the outstanding advance exceeds 10% of total outstanding advance to that sector.

*\*does not exceed 10% of total advances to sector as on 31<sup>st</sup> March*

2.1.7 During the years ended 31 March, 2015 and 31 March, 2014; none of the exposures to Indian corporates at overseas branches of the Bank have been classified as NPA by any host banking regulator for reasons other than record of recovery.

2.1.8 Movement in floating provision is set out below:

	(₹ in crores)	
For the year ended	31 March, 2015	31 March, 2014
Opening balance at the beginning of the year	3.25	3.25
Provisions made during the year	-	-
Draw down made during the year	-	-
<b>Closing balance at the end of the year</b>	<b>3.25</b>	<b>3.25</b>

The Bank has not made any draw down out of the floating provision during the current and the previous year.

### 2.1.9 Provision on Standard Assets

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Provision towards Standard Assets [includes ₹19.13 crores (previous year ₹38.14 crores) of standard provision on derivative exposures]	1,595.65	1,297.03

### 2.1.10 Details of Investments are set out below:

#### i) Value of Investments:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
1) Gross value of Investments		
a) In India	131,153.97	112,743.29
b) Outside India	1,471.67	1,052.60
2) (i) Provision for Depreciation		
a) In India	(126.62)	(184.94)
b) Outside India	54.28	61.62
(ii) Provision for Non-Performing Investments		
a) In India	(197.27)	(120.97)
b) Outside India	(13.20)	(3.17)
3) Net value of Investments		
a) In India	130,830.08	112,437.38
b) Outside India	1,512.75	1,111.05

#### ii) Movement of provisions held towards depreciation on investments:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Opening balance	123.32	223.61
Add: Provisions made during the year	52.21	53.44
Less: Write-offs/write-back of excess provisions during the year	103.19	153.73
<b>Closing balance</b>	<b>72.34</b>	<b>123.32</b>

### 2.1.11 A summary of lending to sensitive sectors is set out below:

	(₹ in crores)	
As at	31 March, 2015	31 March, 2014
<b>A. Exposure to Real Estate Sector</b>		
1) <i>Direct Exposure</i>		
(i) Residential mortgages	63,757.61	52,684.58
- of which housing loans eligible for inclusion in priority sector advances	19,523.78	16,914.94
(ii) Commercial real estate	20,834.52	18,101.75

(₹ in crores)

As at	31 March, 2015	31 March, 2014
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	-	-
b. Commercial real estate	-	-
2) <i>Indirect Exposure</i>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	<b>12,332.48</b>	10,768.87
<b>Total Exposure to Real Estate Sector</b>	<b>96,924.61</b>	81,555.20
<b>B. Exposure to Capital Market</b>		
1) Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	<b>904.84</b>	789.15
2) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	<b>3.19</b>	1.53
3) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	<b>1,159.56</b>	1,010.47
4) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	<b>4,236.16</b>	3,207.00
5) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	<b>4,198.67</b>	2,845.30
6) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	<b>2.34</b>	13.94
7) Bridge loans to companies against expected equity flows/issues	<b>3.59</b>	0.31
8) Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	-	-
9) Financing to stock brokers for margin trading	-	-
10) All exposures to Venture Capital Funds (both registered and unregistered)	<b>104.43</b>	105.31
<b>Total exposure to Capital Market (Total of 1 to 10)</b>	<b>10,612.78</b>	7,973.01

- 2.1.12 During the years ended 31 March, 2015 and 31 March, 2014 there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken as collateral by the Bank.

2.1.13 Details of Non-SLR investment portfolio are set out below:

i) Issuer composition as at 31 March, 2015 of non-SLR investments\*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	4,911.76	4,016.26	-	-	40.59
ii.	Financial Institutions	17,516.33	16,003.26	-	-	14,794.62
iii.	Banks	7,031.48	990.50	-	-	5,452.24
iv.	Private Corporates	19,460.90	16,369.10	3,803.95	1,169.33	3,744.49
v.	Subsidiaries	1,169.01	1,169.01	-	-	1,169.01
vi.	Others	1,290.15	306.96	-	-	851.82
vii.	Provision held towards depreciation on investments	(72.34)				
viii.	Provision held towards non performing investments	(210.47)				
	<b>Total</b>	<b>51,096.82</b>	<b>38,855.09</b>	<b>3,803.95</b>	<b>1,169.33</b>	<b>26,052.77</b>

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

Issuer composition as at 31 March, 2014 of non-SLR investments\*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	5,552.52	4,418.59	-	-	48.41
ii.	Financial Institutions	13,557.22	12,453.61	-	-	11,006.97
iii.	Banks	4,785.11	80.00	-	-	4,569.50
iv.	Private Corporates	18,901.86	16,323.46	1,525.62	430.76	2,335.50
v.	Subsidiaries/Joint Ventures	1,059.26	1,059.26	-	-	1,059.26
vi.	Others	799.01	302.89	-	-	736.68
vii.	Provision held towards depreciation on investments	(79.13)				
viii.	Provision held towards non performing investments	(124.14)				
	<b>Total</b>	<b>44,451.71</b>	<b>34,637.81</b>	<b>1,525.62</b>	<b>430.76</b>	<b>19,756.32</b>

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

\*excludes investments in non-SLR government securities amounting to ₹84.51 crores (previous year ₹172.09 crores)

ii) Non-performing non SLR investments is set out below:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Opening balance	144.91	10.29
Transfer from Other Assets	-	1.76
Additions during the year	106.58	159.67
Reductions during the year	(8.21)	(26.81)
<b>Closing balance</b>	<b>243.28</b>	144.91
Total provisions held	<b>210.47</b>	124.14

2.1.14 Details of securities sold/purchased (in face value terms) during the years ended 31 March, 2015 and 31 March, 2014 under repos/reverse repos (excluding LAF transactions):

Year ended 31 March, 2015 (₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2015
Securities sold under repos				
i. Government Securities	-	4,515.08	175.26	-
ii. Corporate debt Securities	-	143.75	15.90	-
Securities purchased under reverse repos				
i. Government Securities	-	8,362.49	1,197.93	8,387.80
ii. Corporate debt Securities	-	-	-	-

Year ended 31 March, 2014 (₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2014
Securities sold under repos				
i. Government Securities	-	5,123.17	196.25	-
ii. Corporate debt Securities	-	202.21	47.56	-
Securities purchased under reverse repos				
i. Government Securities	-	5,178.69	330.24	688.46
ii. Corporate debt Securities	-	-	-	-

2.1.15 Details of financial assets sold to Securitisation/Reconstruction companies for Asset Reconstruction:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Number of accounts*	15	3
Aggregate value (net of provisions) of accounts sold	18.99	269.78
Aggregate consideration	33.11	265.03
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain/(loss) over net book value	14.12	(4.75)

\* Excludes 5 accounts already written-off from books amounting to ₹42.00 crores (previous year 12 accounts amounting to ₹32.13 crores)

(₹ in crores)

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying		Total	
	As on 31 March, 2015	As on 31 March, 2014	As on 31 March, 2015	As on 31 March, 2014	As on 31 March, 2015	As on 31 March, 2014
Book value of investments in security receipts	248.16	248.16	-	-	248.16	248.16

2.1.16 During the years ended 31 March, 2015 and 31 March, 2014 there were no Non-Performing Financial Assets purchased/sold by the Bank from/to other banks/FIs/NBFCs (excluding securitisation/reconstruction companies).

2.1.17 Details of securitisation transactions undertaken by the Bank are as follows:

(₹ in crores)

Sr. No.	Particulars	31 March, 2015	31 March, 2014
1	No. of SPVs sponsored by the Bank for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the Bank	-	-
3	Total amount of exposures retained by the Bank to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-



2.1.18 The information on concentration of deposits is given below:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Total deposits of twenty largest depositors	40,662.19	38,298.32
Percentage of deposits of twenty largest depositors to total deposits	12.61	13.63

2.1.19 The information on concentration of advances\* is given below:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Total advances to twenty largest borrowers	51,643.70	44,144.64
Percentage of advances to twenty largest borrowers to total advances of the Bank	11.01	11.00

\* Advances represent credit exposure (funded and non-funded) including derivative exposure as defined by RBI

2.1.20 The information on concentration of exposure\* is given below:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Total exposure to twenty largest borrowers/customers	67,703.30	55,126.86
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	13.06	12.49

\* Exposure includes credit exposure (funded and non-funded), derivative exposure and investment exposure (including underwriting and similar commitments)

2.1.21 During the years ended 31 March, 2015 and 31 March, 2014, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

2.1.22 Details of Risk Category wise Country Exposure:

	(₹ in crores)			
Risk Category	Exposure (Net) as at 31 March, 2015	Provision Held as at 31 March, 2015	Exposure (Net) as at 31 March, 2014	Provision Held as at 31 March, 2014
Insignificant	-	-	-	-
Low	17,551.08	-	10,981.18	-
Moderate	2,972.54	-	3,401.42	-
High	2,404.28	-	1,763.33	-
Very High	1,205.42	-	1,122.48	-
Restricted	-	-	-	-
Off-Credit	-	-	-	-
<b>Total</b>	<b>24,133.32</b>	<b>-</b>	<b>17,268.41</b>	<b>-</b>

2.1.23 A maturity pattern of certain items of assets and liabilities at 31 March, 2015 and 31 March, 2014 is set out below:

*Year ended 31 March, 2015* (₹ in crores)

	1 day	2 days to 7 days	8 days to 14 days	15 days to 28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	3,487.11	13,848.67	6,782.45	8,116.71	25,252.71	23,064.54	40,701.47	56,206.76	16,600.54	128,380.98	322,441.94
Advances*	3,376.71	1,630.75	2,633.26	4,411.82	16,013.76	12,532.52	19,564.37	58,341.24	32,965.09	129,613.51	281,083.03
Investments	14,174.30	1,668.29	1,466.93	1,434.52	12,217.30	9,625.02	17,069.13	19,192.48	10,786.11	44,708.75	132,342.83
Borrowings	95.23	417.38	595.21	1,360.92	4,377.89	8,439.18	20,123.76	20,830.78	6,223.74	17,294.18	79,758.27
Foreign Currency Assets	2,573.71	3,718.38	1,088.87	3,091.86	5,155.69	4,846.97	6,115.71	17,760.69	8,510.98	28,880.66	81,743.52
Foreign Currency Liabilities	121.47	646.06	547.50	1,749.52	7,040.70	8,265.01	13,277.51	34,605.08	4,468.73	9,542.40	80,263.98

*Year ended 31 March, 2014* (₹ in crores)

	1 day	2 days to 7 days	8 days to 14 days	15 days to 28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	3,135.21	8,425.45	5,552.27	6,897.19	24,101.11	32,802.80	49,916.39	26,416.62	18,844.33	104,853.19	280,944.56
Advances*	2,645.96	2,188.01	757.19	2,001.85	9,114.02	8,276.42	14,787.17	52,732.45	28,931.58	108,632.11	230,066.76
Investments	7,700.68	4,875.59	2,746.36	2,664.58	7,482.62	10,064.69	12,817.34	17,872.01	8,914.47	38,410.09	113,548.43
Borrowings	4.17	-	3.00	627.84	5,906.63	4,599.39	6,283.64	16,017.90	8,101.69	8,746.68	50,290.94
Foreign Currency Assets	3,061.25	5,653.40	204.05	576.70	3,774.27	3,169.66	4,116.25	17,741.80	6,074.12	19,627.33	63,998.83
Foreign Currency Liabilities	144.51	1,657.77	303.00	748.47	6,992.40	6,894.70	9,958.86	28,012.90	7,084.74	1,263.15	63,060.50

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors. Maturity profile of foreign currency assets and liabilities is excluding Off Balance Sheet items.

\* For the purpose of disclosing the maturity pattern, loans and advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') and Funded Risk Participation ('FRPs') have been classified in the maturity bucket corresponding to the contractual maturities of such underlying loans and advances gross of any risk participation. The IBPC and FRP amounts have been classified in the respective maturities of the corresponding underlying loans.

2.1.24 Details of loans subjected to restructuring during the year ended 31 March, 2015 are given below:

(₹ in crores)

Type of Restructuring Asset Classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	45	1	3	5	54	-	-	-	-	-
	Amount Outstanding – Restructured facility	4,719.82	8.58	145.10	126.13	4,999.63	-	-	-	-	-
	Amount Outstanding – Other facility	470.57	-	-	7.53	478.10	-	-	-	-	-
	Provision thereon	319.47	0.50	17.84	-	337.81	-	-	-	-	-
Movement in balance for accounts appearing under opening balance <sup>1</sup>	No. of borrowers	-	(1)	(1)	2	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	298.03	(5.63)	(77.16)	83.23	298.47	-	-	-	-	-
	Amount Outstanding – Other facility	238.65	-	-	-	238.65	-	-	-	-	-
	Provision thereon	(123.67)	(0.50)	(17.48)	-	(141.65)	-	-	-	-	-

Type of Restructuring Asset Classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Fresh Restructuring during the year <sup>2,3,4</sup>	No. of borrowers	15	1	-	-	16	-	-	-	-	-
	Amount Outstanding – Restructured facility	881.83	21.05	-	-	902.88	-	-	-	-	-
	Amount Outstanding – Other facility	245.65	0.81	-	-	246.46	-	-	-	-	-
	Provision thereon	41.78	1.22	-	-	43.00	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(4)	-	-	-	(4)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(94.58)	-	-	-	(94.58)	-	-	-	-	-
	Amount Outstanding – Other facility	(34.97)	-	-	-	(34.97)	-	-	-	-	-
	Provision thereon	(2.20)	-	-	-	(2.20)	-	-	-	-	-
Downgradation of restructured accounts during the FY <sup>5</sup>	No. of borrowers	(6)	-	4	2	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	(307.32)	-	247.08	60.25	0.01	-	-	-	-	-
	Amount Outstanding – Other facility	(14.44)	-	14.44	-	-	-	-	-	-	-
	Provision thereon	(11.26)	-	11.24	-	(0.02)	-	-	-	-	-
Write-offs of restructured accounts during the FY <sup>6,7,8</sup>	No. of borrowers	-	-	-	(2)	(2)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(37.47)	(2.95)	(0.50)	(87.74)	(128.66)	-	-	-	-	-
	Amount Outstanding – Other facility	(10.75)	-	-	(5.94)	(16.69)	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	50	1	6	7	64	-	-	-	-	-
	Amount Outstanding – Restructured facility	5,460.31	21.05	314.52	181.87	5,977.75	-	-	-	-	-
	Amount Outstanding – Other facility	894.71	0.81	14.44	1.59	911.55	-	-	-	-	-
	Provision thereon	224.12	1.22	11.60	-	236.94	-	-	-	-	-

Type of Restructuring Asset Classification		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	1,603	60	84	33	1,780	1,648	61	87	38	1,834
	Amount Outstanding – Restructured facility	2,300.65	5.75	24.19	61.67	2,392.26	7,020.47	14.33	169.29	187.80	7,391.89
	Amount Outstanding – Other facility	403.82	1.29	3.30	6.02	414.43	874.39	1.29	3.30	13.55	892.53
	Provision thereon	110.86	0.07	0.62	-	111.55	430.33	0.57	18.46	-	449.36
Movement in balance for accounts appearing under opening balance <sup>1</sup>	No. of borrowers	-	(57)	44	5	(8)	-	(58)	43	7	(8)
	Amount Outstanding – Restructured facility	111.91	(4.92)	(8.04)	12.96	111.91	409.94	(10.55)	(85.20)	96.19	410.38
	Amount Outstanding – Other facility	54.50	(1.12)	(0.27)	1.96	55.07	293.15	(1.12)	(0.27)	1.96	293.72
	Provision thereon	(49.53)	(0.07)	(0.62)	-	(50.22)	(173.20)	(0.57)	(18.10)	-	(191.87)
Fresh Restructuring during the year <sup>2,3,4</sup>	No. of borrowers	100	-	-	-	100	115	1	-	-	116
	Amount Outstanding – Restructured facility	1,938.79	-	-	-	1,938.79	2,820.62	21.05	-	-	2,841.67
	Amount Outstanding – Other facility	505.09	-	-	-	505.09	750.74	0.81	-	-	751.55
	Provision thereon	52.31	-	-	-	52.31	94.09	1.22	-	-	95.31
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(14)	-	-	-	(14)	(18)	-	-	-	(18)
	Amount Outstanding – Restructured facility	(40.39)	-	-	-	(40.39)	(134.97)	-	-	-	(134.97)
	Amount Outstanding – Other facility	(0.64)	-	-	-	(0.64)	(35.61)	-	-	-	(35.61)
	Provision thereon	(2.84)	-	-	-	(2.84)	(5.04)	-	-	-	(5.04)
Downgradation of restructured accounts during the FY <sup>5</sup>	No. of borrowers	(189)	13	120	64	8	(195)	13	124	66	8
	Amount Outstanding – Restructured facility	(391.68)	0.51	143.30	249.43	1.56	(699.00)	0.51	390.38	309.68	1.57
	Amount Outstanding – Other facility	(1.37)	0.27	0.81	0.43	0.14	(15.81)	0.27	15.25	0.43	0.14
	Provision thereon	(3.81)	-	3.81	-	-	(15.07)	-	15.05	-	(0.02)
Write-offs of restructured accounts during the FY <sup>6,7,8</sup>	No. of borrowers	(166)	(5)	(60)	(22)	(253)	(166)	(5)	(60)	(24)	(255)
	Amount Outstanding – Restructured facility	(170.35)	(0.83)	(9.37)	(75.62)	(256.17)	(207.82)	(3.78)	(9.87)	(163.36)	(384.83)
	Amount Outstanding – Other facility	(20.77)	(0.22)	(1.62)	(6.01)	(28.62)	(31.52)	(0.22)	(1.62)	(11.95)	(45.31)
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	1,334	11	188	80	1,613	1,384	12	194	87	1,677
	Amount Outstanding – Restructured facility	3,748.93	0.51	150.08	248.44	4,147.96	9,209.24	21.56	464.60	430.31	10,125.71
	Amount Outstanding – Other facility	940.63	0.22	2.22	2.40	945.47	1,835.34	1.03	16.66	3.99	1,857.02
	Provision thereon	106.99	-	3.81	-	110.80	331.11	1.22	15.41	-	347.74

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2015

<sup>1</sup>Includes accounts closed during the year on account of payment of outstanding facilities by the borrower

<sup>2</sup>Amount reported here represents outstanding as on 31 March, 2015. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹2,721.86 crores for the FY 2014-15

<sup>3</sup>Includes accounts on account of re-work of restructuring and these accounts are not included in opening balance of standard restructured accounts

<sup>4</sup>Includes ₹234.72 crores of fresh/additional sanction to existing restructured accounts (₹0.28 crores under restructured facility and ₹234.44 crores under other facility)

<sup>5</sup>Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY

<sup>6</sup>Includes accounts partially written-off during the year

<sup>7</sup>Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books

<sup>8</sup>Includes ₹248.62 crores of reduction from existing restructured accounts by way of sale/recovery (₹216.20 crores from restructured facility and ₹32.42 crores from other facility)

<sup>9</sup>The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalisation account upto 31 March, 2015 aggregated ₹8,165.59 crores

<sup>10</sup>Ten borrower accounts with aggregate outstanding under restructured facility of ₹153.46 crores, outstanding under other facility of ₹4.04 crores and provision of ₹8.59 crores at 31 March, 2014 were reported under 'SME Debt Restructuring' mechanism in FY 2014. Subsequently these accounts have been reclassified under 'Others' as at 1 April 2014. Previous year numbers have accordingly been reclassified to make them comparable.

<sup>11</sup>Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

Details of loans subjected to restructuring during the year ended 31 March, 2014 are given below:

(₹ in crores)

Type of Restructuring Asset Classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	30	3	2	4	39	-	-	-	-	-
	Amount Outstanding – Restructured facility	2,237.42	85.82	71.22	90.41	2,484.87	-	-	-	-	-
	Amount Outstanding – Other facility	47.35	22.24	-	2.34	71.93	-	-	-	-	-
	Provision thereon	186.73	10.65	3.12	-	200.50	-	-	-	-	-
Movement in balance for accounts appearing under opening balance <sup>1</sup>	No. of borrowers	(4)	(1)	-	1	(4)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(177.83)	(7.19)	0.24	18.81	(165.97)	-	-	-	-	-
	Amount Outstanding – Other facility	87.72	(20.38)	-	1.59	68.93	-	-	-	-	-
	Provision thereon	(75.39)	(10.65)	(1.03)	-	(87.07)	-	-	-	-	-
Fresh Restructuring during the year <sup>2,3,4</sup>	No. of borrowers	24	-	-	-	24	-	-	-	-	-
	Amount Outstanding – Restructured facility	2,946.29	-	-	-	2,946.29	-	-	-	-	-
	Amount Outstanding – Other facility	359.13	-	-	-	359.13	-	-	-	-	-
	Provision thereon	224.38	-	-	-	224.38	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Downgradation of restructured accounts during the FY <sup>5</sup>	No. of borrowers	(5)	2	1	2	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	(223.63)	100.78	78.87	43.98	-	-	-	-	-	-
	Amount Outstanding – Other facility	(6.72)	0.78	-	5.94	-	-	-	-	-	-
	Provision thereon	(16.25)	0.50	15.75	-	-	-	-	-	-	-
Write-offs of restructured accounts during the FY <sup>6,7,8</sup>	No. of borrowers	-	(3)	-	(2)	(5)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(62.43)	(170.83)	(5.23)	(27.07)	(265.56)	-	-	-	-	-
	Amount Outstanding – Other facility	(16.91)	(2.64)	-	(2.34)	(21.89)	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	45	1	3	5	54	-	-	-	-	-
	Amount Outstanding – Restructured facility	4,719.82	8.58	145.10	126.13	4,999.63	-	-	-	-	-
	Amount Outstanding – Other facility	470.57	-	-	7.53	478.10	-	-	-	-	-
	Provision thereon	319.47	0.50	17.84	-	337.81	-	-	-	-	-

Type of Restructuring Asset Classification		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	1,318	93	18	23	1,452	1,348	96	20	27	1,491
	Amount Outstanding – Restructured facility	1,760.49	14.22	26.04	43.17	1,843.92	3,997.91	100.04	97.26	133.58	4,328.79
	Amount Outstanding – Other facility	80.99	2.93	0.51	3.92	88.35	128.34	25.17	0.51	6.26	160.28
	Provision thereon	61.64	0.09	0.10	-	61.83	248.37	10.74	3.22	-	262.33
Movement in balance for accounts appearing under opening balance <sup>1</sup>	No. of borrowers	(117)	(91)	66	13	(129)	(121)	(92)	66	14	(133)
	Amount Outstanding – Restructured facility	40.46	(13.62)	(13.97)	22.71	35.58	(137.37)	(20.81)	(13.73)	41.52	(130.39)
	Amount Outstanding – Other facility	31.60	(2.42)	1.45	0.62	31.25	119.32	(22.80)	1.45	2.21	100.18
	Provision thereon	(22.89)	(0.09)	(0.10)	-	(23.08)	(98.28)	(10.74)	(1.13)	-	(110.15)
Fresh Restructuring during the year <sup>2,3,4</sup>	No. of borrowers	474	-	-	-	474	498	-	-	-	498
	Amount Outstanding – Restructured facility	1,007.55	-	-	-	1,007.55	3,953.84	-	-	-	3,953.84
	Amount Outstanding – Other facility	307.39	-	-	-	307.39	666.52	-	-	-	666.52
	Provision thereon	72.80	-	-	-	72.80	297.18	-	-	-	297.18
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(16)	-	-	-	(16)	(16)	-	-	-	(16)
	Amount Outstanding – Restructured facility	(2.29)	-	-	-	(2.29)	(2.29)	-	-	-	(2.29)
	Amount Outstanding – Other facility	(0.37)	-	-	-	(0.37)	(0.37)	-	-	-	(0.37)
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Downgradation of restructured accounts during the FY <sup>5</sup>	No. of borrowers	(56)	63	2	4	13	(61)	65	3	6	13
	Amount Outstanding – Restructured facility	(35.14)	5.75	12.99	17.38	0.98	(258.77)	106.53	91.86	61.36	0.98
	Amount Outstanding – Other facility	(7.96)	1.30	1.53	5.19	0.06	(14.68)	2.08	1.53	11.13	0.06
	Provision thereon	(0.69)	0.07	0.62	-	-	(16.94)	0.57	16.37	-	-
Write-offs of restructured accounts during the FY <sup>6,7,8</sup>	No. of borrowers	-	(5)	(2)	(7)	(14)	-	(8)	(2)	(9)	(19)
	Amount Outstanding – Restructured facility	(470.42)	(0.60)	(0.87)	(21.59)	(493.48)	(532.85)	(171.43)	(6.10)	(48.66)	(759.04)
	Amount Outstanding – Other facility	(7.83)	(0.52)	(0.19)	(3.71)	(12.25)	(24.74)	(3.16)	(0.19)	(6.05)	(34.14)
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	1,603	60	84	33	1,780	1,648	61	87	38	1,834
	Amount Outstanding – Restructured facility	2,300.65	5.75	24.19	61.67	2,392.26	7,020.47	14.33	169.29	187.80	7,391.89
	Amount Outstanding – Other facility	403.82	1.29	3.30	6.02	414.43	874.39	1.29	3.30	13.55	892.53
	Provision thereon	110.86	0.07	0.62	-	111.55	430.33	0.57	18.46	-	449.36

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2014

<sup>1</sup>Includes accounts closed during the year on account of payment of outstanding facilities by the borrower

<sup>2</sup>Amount reported here represents outstanding as on 31 March 2014. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹3,456.95 crores for the FY 2013-14

<sup>3</sup>Includes ₹87.63 crores of fresh/additional sanction to existing restructured accounts (₹79.53 crores under restructured facility and ₹8.10 crores under other facility)

<sup>4</sup>Includes accounts on account of re-work of restructuring and these accounts are not included in opening balance of standard restructured accounts

<sup>5</sup>Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY

<sup>6</sup>Includes accounts partially written-off during the year

<sup>7</sup>Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books

<sup>8</sup>Includes ₹565.36 crores of reduction from existing restructured accounts by way of sale/recovery (₹539.93 crores from restructured facility and ₹25.43 crores from other facility)

<sup>9</sup>The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalisation account upto 31 March, 2014 aggregated ₹6,079.12 crores

<sup>10</sup>Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

## 2.1.25 Disclosure in respect of Interest Rate Swaps (IRS), Forward Rate Agreement (FRA) and Cross Currency Swaps (CCS) outstanding is set out below:

		(₹ in crores)	
Sr. No.	Items	As at	As at
		31 March, 2015	31 March, 2014
i)	Notional principal of swap agreements	162,401.82	229,690.75
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	2,321.49	3,206.47
iii)	Collateral required by the Bank upon entering into swaps	570.34	387.66
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps/FRA's	2,252.75	3,115.12
	- Cross Currency Swaps	1,584.71	1,132.13
v)	Fair value of the swap book (hedging & trading)		
	- Interest Rate Swaps/FRA's	66.22	(106.35)
	- Currency Swaps	688.56	820.12

The nature and terms of the IRS as on 31 March, 2015 are set out below:

					(₹ in crores)
Nature	Nos.	Notional Principal	Benchmark	Terms	
Hedging	60	12,906.25	LIBOR	Fixed Receivable v/s Floating Payable	
Hedging	1	625.00	LIBOR	Floating Receivable v/s Fixed Payable	
Trading	1	60.00	OTHER	Fixed Payable v/s Fixed Receivable	
Trading	40	1,436.00	INBMK	Fixed Receivable v/s Floating Payable	
Trading	264	22,404.97	LIBOR	Fixed Receivable v/s Floating Payable	
Trading	363	22,360.53	MIBOR	Fixed Receivable v/s Floating Payable	
Trading	378	17,060.00	MIFOR	Fixed Receivable v/s Floating Payable	
Trading	54	3,234.00	INBMK	Floating Receivable v/s Fixed Payable	
Trading	306	23,782.43	LIBOR	Floating Receivable v/s Fixed Payable	
Trading	388	22,142.36	MIBOR	Floating Receivable v/s Fixed Payable	
Trading	295	15,769.00	MIFOR	Floating Receivable v/s Fixed Payable	
Trading	18	1,862.50	LIBOR	Floating Receivable v/s Floating Payable	
Trading	3	93.75	LIBOR	Pay Cap	
Trading	1	352.80	LIBOR	Pay Cap/Receive Floor	
Trading	1	352.80	LIBOR	Pay Floor/Receive Cap	
Trading	3	93.75	LIBOR	Receive Cap	
	<b>2,176</b>	<b>144,536.14</b>			

The nature and terms of the IRS as on 31 March, 2014 are set out below:

(₹ in crores)

<b>Nature</b>	<b>Nos.</b>	<b>Notional Principal</b>	<b>Benchmark</b>	<b>Terms</b>
Hedging	16	4,589.49	LIBOR	Fixed receivable v/s floating payable
Hedging	5	3,091.61	LIBOR	Floating receivable v/s fixed payable
Trading	1	105.00	OTHERS	Fixed payable v/s fixed receivable
Trading	44	1,547.00	INBMK	Fixed receivable v/s floating payable
Trading	182	13,814.39	LIBOR	Fixed receivable v/s floating payable
Trading	711	70,543.16	MIBOR	Fixed receivable v/s floating payable
Trading	287	11,677.00	MIFOR	Fixed receivable v/s floating payable
Trading	61	3,681.00	INBMK	Floating receivable v/s fixed payable
Trading	263	17,873.76	LIBOR	Floating receivable v/s fixed payable
Trading	785	76,191.19	MIBOR	Floating receivable v/s fixed payable
Trading	144	6,584.00	MIFOR	Floating receivable v/s fixed payable
Trading	20	1,851.37	LIBOR	Floating receivable v/s floating payable
Trading	3	93.25	LIBOR	Pay cap
Trading	1	416.25	LIBOR	Pay cap/receive floor
Trading	1	416.25	LIBOR	Pay floor/receive cap
Trading	3	93.25	LIBOR	Receive cap
	<b>2,527</b>	<b>212,567.97</b>		

The nature and terms of the FRA as on 31 March, 2015 are set out below:

<b>Nature</b>	<b>Nos.</b>	<b>Notional Principal</b>	<b>Benchmark</b>	<b>Terms</b>
Hedging	1	750.00	LIBOR	Fixed receivable v/s floating payable
	<b>1</b>	<b>750.00</b>		

There were no FRA's outstanding as on 31 March, 2014.

The nature and terms of the CCS as on 31 March, 2015 are set out below:

(₹ in crores)

<b>Nature</b>	<b>Nos.</b>	<b>Notional Principal</b>	<b>Benchmark</b>	<b>Terms</b>
Hedging	1	91.29	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Hedging	1	312.50	LIBOR	Fixed Receivable v/s Floating Payable
Trading	56	3,415.59	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	44	3,154.15	LIBOR	Fixed Receivable v/s Floating Payable
Trading	69	5,286.20	LIBOR	Floating Receivable v/s Fixed Payable
Trading	5	1,097.25	LIBOR/MIFOR	Floating Receivable v/s Floating Payable
Trading	18	1,327.53	Principal Only	Fixed Receivable
Trading	32	2,431.16	Principal Only	Fixed Payable
	<b>226</b>	<b>17,115.67</b>		

Agreements with Banks/Financial Institutions and corporates are under approved credit lines.

The nature and terms of the CCS as on 31 March, 2014 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	1	95.77	Principal & Coupon Swap	Fixed payable v/s fixed receivable
Hedging	1	299.58	LIBOR	Fixed receivable v/s floating payable
Hedging	1	248.05	LIBOR	Floating receivable v/s fixed payable
Trading	50	3,552.62	Principal & Coupon Swap	Fixed payable v/s fixed receivable
Trading	53	3,801.80	LIBOR	Fixed receivable v/s floating payable
Trading	63	5,499.02	LIBOR	Floating receivable v/s fixed payable
Trading	5	1,079.70	LIBOR/MIFOR	Floating receivable v/s floating payable
Trading	12	557.33	Principal Only	Fixed receivable
Trading	30	1,988.90	Principal Only	Fixed payable
	<b>216</b>	<b>17,122.77</b>		

Agreements with Banks/Financial Institutions and corporates are under approved credit lines.

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2015 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2015
i)	<b>Notional principal amount of exchange traded interest rate derivatives undertaken during the year</b>	
	840GS2024	20,320.36
	883GS2023	13,211.52
		<b>33,531.88</b>
ii)	<b>Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2015</b>	
	840GS2024	1,773.14
		<b>1,773.14</b>
iii)	<b>Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2015 and "not highly effective"</b>	<b>N.A.</b>
iv)	<b>Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2015 and "not highly effective"</b>	<b>N.A.</b>

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2014 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2014
i)	<b>Notional principal amount of exchange traded interest rate derivatives undertaken during the year</b>	
	883GS2023	5,776.30
		<b>5,776.30</b>
ii)	<b>Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2014</b>	
	883GS2023	257.90
		<b>257.90</b>
iii)	<b>Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2014 and "not highly effective"</b>	<b>N.A.</b>
iv)	<b>Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2014 and "not highly effective"</b>	<b>N.A.</b>

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended 31 March, 2015 and 31 March, 2014.



## 2.1.26 Disclosure on risk exposure in Derivatives

### Qualitative disclosures:

**(a) Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:**

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank undertakes over the counter and Exchange Traded derivative transactions for Balance Sheet management and also for proprietary trading/market making whereby the Bank offers derivative products to the customers to enable them to hedge their interest rate and currency risks within the prevalent regulatory guidelines.

Proprietary trading includes Interest Rate Futures, Currency Futures and Rupee Interest Rate Swaps under different benchmarks (viz. MIBOR, MIFOR and INBMK), and Currency Options for USD/INR pair (both OTC and exchange traded). The Bank also undertakes transactions in Cross Currency Swaps, Principal Only Swaps, Coupon Only Swaps and Long Term Forex Contracts (LTFX) for hedging its Balance Sheet and also offers them to its customers. These transactions expose the Bank to various risks, primarily credit, market, legal, reputation and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

There is a functional separation between the Treasury Front Office, Risk and Treasury Back Office to undertake derivative transactions. The derivative transactions are originated by Treasury Front Office, which ensures compliance with the trade origination requirements as per the Bank's policy and the RBI guidelines. The Market Risk Group within the Bank's Risk Department independently identifies measures and monitors the market risks associated with derivative transactions and apprises the Asset Liability Management Committee (ALCO) and the Risk Management Committee of the Board (RMC) on the compliance with the risk limits. The Treasury Back Office undertakes activities such as trade confirmation, settlement, ISDA documentation, accounting and other MIS reporting.

The derivative transactions are governed by the derivative policy, market risk management policy, hedging policy and the suitability and appropriateness policy of the Bank as well as by the extant RBI guidelines. The Bank has also put in place a detailed process flow for customer derivative transactions for effective management of operational risk/reputation risk.

Various risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, VaR, Stop Loss, Delta, Gamma and Vega. Actual positions are monitored against these limits on a daily basis and breaches, if any, are reported promptly. Risk assessment of the portfolio is undertaken periodically. The Bank ensures that the Gross PV01 (Price value of a basis point) position arising out of all non-option rupee derivative contracts are within 0.25% of net worth of the Bank as on Balance Sheet date.

Hedging transactions are undertaken by the Bank to protect the variability in the fair value or the cash flow of the underlying Balance Sheet item. These deals are accounted on an accrual basis except the swap designated with an asset/liability that is carried at market value or lower of cost or market value. In that case, the swap is marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. These transactions are tested for hedge effectiveness and in case any transaction fails the test, the same is re-designated as a trading deal with the approval of the competent authority and appropriate accounting treatment is followed.

**(b) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts**

The Hedging Policy approved by the RMC governs the use of derivatives for hedging purpose. Subject to the prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate and floating rate coupon or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. Derivatives for market making purpose are marked to market and



the resulting gain/loss is recorded in the Profit and Loss Account. The premium on option contracts is accounted for as per FEDAI guidelines. Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties. The exposure on account of derivative transactions is computed as per the RBI guidelines and is marked against the credit limits approved for the respective counterparties.

**(c) Provisioning, collateral and credit risk mitigation**

Derivative transactions comprise of swaps and options which are disclosed as contingent liabilities. The swaps are categorised as trading or hedging and all the options are categorised as the trading book. Trading swaps/options are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. Hedged swaps are accounted for as per the RBI guidelines. Pursuant to the RBI guidelines, any receivables (crystallised receivables and positive MTM) under derivatives contracts, which remain overdue for more than 90 days, are reversed through the Profit and Loss Account and are held in a separate Suspense account.

Collateral requirements for derivative transactions are laid down as part of credit sanction terms on a case by case basis. Such collateral requirements are determined, based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

The credit risk in respect of customer derivative transactions is sought to be mitigated through a laid down policy on sanction of Loan Equivalent Risk (LER) limits, monitoring mechanism for LER limits and trigger events for escalation/margin calls/termination.

**Quantitative disclosure on risk exposure in derivatives\*:**

(₹ in crores)

As at 31 March, 2015					
		Currency Derivatives			Interest rate Derivatives
Sr. No.	Particulars	Forward Contracts^	CCS	Options	
1	<b>Derivatives (Notional Principal Amount)</b>				
	a) For hedging	30,669.21	403.79	-	14,281.25
	b) For trading	249,426.49	16,711.88	23,843.86	131,004.89
2	<b>Marked to Market Positions#</b>				
	a) Asset (+)	107.93	722.55	34.76	-
	b) Liability (-)	-	-	-	(52.62)
3	<b>Credit Exposure@</b>	10,764.04	3,001.53	543.13	2,684.50
4	<b>Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2015)</b>				
	a) on hedging derivatives	122.66	4.60	-	279.25
	b) on trading derivatives	48.56	169.65	0.93	250.04
5	<b>Maximum and Minimum of 100*PV01 observed during the year</b>				
	a) on hedging				
	I) Minimum	21.13	4.56	-	18.11
	II) Maximum	226.22	6.74	-	279.25
	b) on Trading				
	I) Minimum	27.20	161.37	0.24	213.58
	II) Maximum	84.52	197.18	10.13	386.32
#	Only on trading derivatives and represents net position				
@	Includes accrued interest				
^	Excluding Tom/Spot contracts				

(₹ in crores)

As at 31 March, 2014					
		Currency Derivatives			Interest rate Derivatives
Sr. No.	Particulars	Forward Contracts^	CCS	Options	
1	Derivatives (Notional Principal Amount)				
	a) For hedging	18,197.07	643.40	-	7,681.10
	b) For trading	213,077.13	16,479.37	20,268.80	204,886.87
2	Marked to Market Positions#				
	a) Asset (+)	432.03	839.12	-	-
	b) Liability (-)	-	-	(35.33)	(175.88)
3	Credit Exposure®	7,580.14	3,267.62	385.76	3,651.88
4	Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2014)				
	a) on hedging derivatives	253.29	5.99	-	30.26
	b) on trading derivatives	25.76	191.02	4.54	393.23
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging				
	I) Minimum	24.59	5.52	-	1.61
	II) Maximum	291.02	11.45	-	261.47
	b) on Trading				
	I) Minimum	1.91	7.43	0.02	210.88
	II) Maximum	33.94	220.20	8.21	650.88
#	Only on trading derivatives and represents net position				
@	Includes accrued interest				
^	Excluding Tom/Spot contracts				

\* only Over The Counter derivatives included

Pursuant to RBI guidelines, the Bank has started dealing in Exchange Traded Currency Options. The outstanding notional principal amount of these derivatives as at 31 March, 2015 was Nil (previous year Nil) and the mark-to-market value was Nil (previous year Nil).

2.1.27 Details of penalty/strictures levied by RBI during the year ended 31 March, 2015 is as under:

Sr. No.	Amount (₹ in crores)	Reason for levy of penalty/stricture by RBI	Date of payment of penalty
1.	0.15	Non-compliance of RBI guidelines on lending under consortium/multiple banking arrangements. Penalty was imposed in terms of Section 47A (1) of the Banking Regulation Act, 1949	4 August, 2014
2.	-	Warning issued by RBI on 17 December, 2014 for non-adherence to certain aspects of Know Your Customer (KYC) norms and instructions on monitoring of transactions in customer accounts	-

Details of penalty levied by RBI during the year ended 31 March, 2014 is as under:

Sr. No.	Amount (₹ in crores)	Reason for levy of penalty by RBI	Date of payment of penalty
1.	5.001	Non-compliance of instructions with respect to direction on Know Your Customer (KYC) norms/Anti Money Laundering (AML) standards/Combating of Financial Terrorism/Obligation of banks under the Prevention of Money Laundering Act, 2002 and under Foreign Exchange Management Act, 1999 (FEMA). Penalty was imposed in terms of Section 47A 1(c) read with Section 46 (4) (i) of the Banking Regulation Act, 1949 and sub-section (3) of Section 11 of FEMA	12 June, 2013
2.	0.05	Non-compliance with instructions on issuance and operations of Pre-Paid Instruments (PPIs)	20 August, 2013

#### 2.1.28 Disclosure of Customer Complaints

		31 March, 2015	31 March, 2014
a.	No. of complaints pending at the beginning of the year	7,697	5,564
b.	No. of complaints received during the year	231,466	261,894
c.	No. of complaints redressed during the year	229,650	259,761
d.	No. of complaints pending at the end of the year	9,513	7,697

The above information does not include complaints redressed within 1 working day and is as certified by the Management and relied upon by the auditors.

#### 2.1.29 Disclosure of Awards passed by the Banking Ombudsman

		31 March, 2015	31 March, 2014
a.	No. of unimplemented awards at the beginning of the year	2	3
b.	No. of awards passed by the Banking Ombudsman during the year	-	4
c.	No. of awards implemented during the year	1	5
d.	No. of unimplemented awards at the end of the year	-*	2

\*During the year, 1 financial award carried forward from previous year got cancelled

The above information is as certified by the Management and relied upon by the auditors.

#### 2.1.30 Draw Down from Reserves

The Bank has not undertaken any drawdown from reserves during the year.

#### 2.1.31 Letter of Comfort

The Bank has not issued any Letter of Comfort (LoC) on behalf of its subsidiaries.

#### 2.1.32 Disclosure on Remuneration

##### Qualitative disclosures

##### a) Information relating to the composition and mandate of the Remuneration Committee

The Nomination and Remuneration Committee of the Board oversees the framing, review and implementation of the compensation policy of the Bank on behalf of the Board. The Committee works in close coordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks.

During the year, the Nomination Committee and the HR and Remuneration Committee of the Board were merged to form the Nomination and Remuneration Committee.

As on 31 March, 2015, the Nomination and Remuneration Committee comprises of the following Non-Executive Directors:

1. Shri Prasad R. Menon - Chairman
2. Shri K. N. Prithviraj
3. Shri V. R. Kaundinya
4. Prof. Samir K. Barua

In respect of Remuneration/HR matters, the Nomination and Remuneration Committee of the Board, functions with the following main objectives -

- a. Review and recommend to the Board for approval, the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors and key managerial personnel) including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & CEO (MD & CEO), other Whole-Time Directors (WTD) and senior managers one level below the Board.
- b. Review and recommend to the Board for approval, the total increase in manpower cost budget of the Bank as a whole, at an aggregate level, for the next year.
- c. Recommend to the Board the compensation payable to the Chairman of the Bank.
- d. Review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank, as well as any fundamental changes in organization structure which could have wide ranging or high risk implications.
- e. Review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other WTDs, senior managers one level below the Board and other key roles and their progression to the Board.
- f. Review and recommend to the Board for approval:
  - the creation of new positions one level below MD & CEO
  - appointments, promotions and exits of senior managers one level below the MD & CEO
- g. Set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, the other WTDs for the financial year and over the medium to long term.
- h. Review the performance of the MD & CEO and other WTDs at the end of each year.
- i. Review organization health through feedback from employee surveys conducted on a regular basis.
- j. Perform such other duties as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

**b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy**

**Objectives of the Remuneration Policy**

The compensation philosophy of the Bank aims to attract, retain and motivate professionals in order to enable the Bank to attain its strategic objectives and develop a strong performance culture in the competitive environment in which it operates. To achieve this, the following principles are adopted:

- Competitiveness in talent market
- Pay for job through fixed pay
- Pay for performance to drive meritocracy through variable pay
- Employee Stock Options for long-term value creation
- Benefits and perquisites are offered to employees to remain aligned with market practices and provide flexibility
- Affordability: Pay to reflect productivity improvements to retain cost-income competitiveness

Apart from the above, the compensation structure for MD & CEO and WTDs is aligned to RBI's guidelines for sound compensation practices (effective FY 2012-13) and addresses the general principles of:

- Effective and independent governance and monitoring of compensation.
- Alignment of compensation with prudent risk-taking through well designed and consistent compensation structures.
- Clear and timely disclosure to facilitate supervisory oversight by all stakeholders.

Accordingly, the Compensation Policy for MD & CEO and WTDs seeks to:

- a) Ensure that the compensation, in terms of structure and total amount, is in line with the best practices, as well as competitive vis-à-vis that of peer banks.
- b) Establish the linkage of compensation with individual performance as well as achievement of the corporate objectives of the Bank.
- c) Include a significant variable pay component tied to the achievement of pre-established objectives in line with Bank's scorecard while ensuring that the compensation is aligned with prudent risk taking.
- d) Encourage attainment of long term shareholder returns through inclusion of equity linked long-term incentives as part of compensation.

#### **Design & Structure of Remuneration process**

Compensation is structured in terms of fixed pay, variable pay and employee stock options (for selective employees), with the last two being highly contingent on employee performance. The compensation policy of the Bank is approved by the Nomination and Remuneration Committee. Additional approval from Shareholders and RBI is obtained specifically for compensation of MD & CEO and WTDs.

#### **c) Description of the ways in which current and future risks are taken into account in the remuneration process**

**Employees are categorized into following three categories for the purpose of remuneration**

##### **Category 1**

MD & CEO and WTDs.

##### **Category 2**

All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance.

##### **Category 3**

##### **Other Staff**

'Other staff' has been defined as a "group of employees who pose a material risk". This category will include all the employees of the Bank in the grade of Executive Vice President (EVP) and above and also few other key business roles in case they are below the grade of Executive Vice President.

### **Performance Parameters aligned to relevant risk measures**

The following relevant risk measures are included in the scorecards of MD & CEO and WTDs

- NPA - net slippages
- Ratio of Risk Weighted Assets to Total Assets
- Liquidity Coverage Ratio

Inclusion of the above measures ensure that performance parameters are aligned to risk measures at the time of performance evaluation.

#### **d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration**

The Bank's performance management and compensation philosophies are structured to support the achievement of the Bank's on-going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. These strategic priorities are cascaded through annualised objectives to the employees.

The Bank follows the balanced scorecard approach in designing its performance management system. Adequate attention is given to robust goal setting process to ensure alignment of individual objectives to support the achievement of business strategy, financial and non-financial goals across and through the organization. The non-financial goals for employees includes customer service, process improvement, adherence to risk and compliance norms, self-capability development and behaviours such as integrity and team management.

Appraisals are conducted annually and initiated by the self-appraisal of an employee. The immediate supervisor reviews the appraisal ratings in a joint consultation meeting with the employee and assigns the performance rating. The final rating is discussed by a Moderation Committee comprising of senior officials of the Bank. Both relative and absolute individual performance is considered in the moderation process. Individual fixed pay increases, variable pay and ESOPs are linked to the final performance ratings. In addition, the fixed pay increase is also influenced by an employee's position in the salary range.

#### **e) Bank's policy on deferral and vesting of variable remuneration and Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting**

##### **Deferral of Variable Pay**

The deferral of the Variable Pay for the three categories of employees as stated earlier is given below -

##### **Category 1 : MD & CEO and WTDs**

##### **Variable Pay will not exceed 70% of the Fixed Pay**

- To ensure that risk measures do not focus only on achieving short term goals; variable payout is deferred. If the variable pay exceeds 40% of fixed pay, 45% of the variable pay to be deferred proportionately over a period of three years.

##### **Category 2 : All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance.**

- Variable Pay will be paid on the basis of laid down risk control, compliance and process improvement parameters in the balance score card / key deliverables of staff in this function.
- The parameters will be independent of performance of the business area they oversee and will commensurate with their key role in the Bank.
- The ratio of fixed and variable compensation will be weighed towards fixed compensation.
- Percentage of variable pay to be capped at 70% of fixed pay.
- Appropriate deferral structure as approved by the Nomination and Remuneration Committee will be applicable to this category of employees.

### Category 3 : Other Staff

- Variable Pay will be paid on the basis of performance against key deliverables and overall business performance for the financial year.
- Percentage of variable pay to be capped at 70% of fixed pay.
- Appropriate deferral structure as approved by the Nomination and Remuneration Committee will be applicable to this category of employees.

#### f) Description of the different forms of variable remuneration (i.e. Cash, Shares, ESOPs and other forms) that the Bank utilises and the rationale for using these different forms

Different forms of variable remuneration are as mentioned below:

- Variable Pay: Variable Pay is linked to corporate performance, business performance and individual performance and ensures differential pay based on the performance levels of employees.
- ESOPs: ESOPs are given to selective set of employees at senior levels based on their level of performance and role. ESOP scheme has an inbuilt deferral vesting design which helps in retention of employees along with providing an opportunity of long term wealth creation for the employees.

#### Quantitative disclosures

The quantitative disclosures pertaining to the MD & CEO, Whole Time Directors and other risk takers for the year ended 31 March, 2015 are given below. Other risk takers include all employees in the grade of Executive Vice President (EVP) and above and also cover certain select roles in case they are below the grade of EVP.

	31 March, 2015	31 March, 2014
a. i) Number of meetings held by the Remuneration Committee during the financial year	8	5
ii) Remuneration paid to its members (sitting fees)	₹1,100,000	₹380,000
b. Number of employees having received a variable remuneration award during the financial year	36*	3
c. Number and total amount of sign-on awards made during the financial year	N.A.	N.A.
d. Details of guaranteed bonus, if any, paid as joining/sign on bonus	N.A.	N.A.
e. Details of severance pay, in addition to accrued benefits, if any	N.A.	N.A.
f. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	₹0.90 crores (cash bonus)	N.A.
g. Total amount of deferred remuneration paid out in the financial year	N.A.	N.A.
h. Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	Fixed - ₹32.72 crores# Variable - ₹12.01 crores* Deferred - ₹0.90 crores Non-deferred - ₹11.11 crores*	Fixed - ₹6.32 crores Variable - ₹1.96 crores Deferred - Nil Non-deferred - ₹1.96 crores

	31 March, 2015	31 March, 2014
i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	N.A.	N.A.
j. Total amount of reductions during the financial year due to ex-post explicit adjustments	N.A.	N.A.
k. Total amount of reductions during the financial year due to ex-post implicit adjustments	N.A.	N.A.

# Fixed Remuneration includes basic salary, fixed allowance, leave fare concession, house rent allowance, superannuation allowance, certain other allowances and contribution towards provident fund

\* pertains to FY 2013-14 paid to MD & CEO, WTDs and other risk takers (previous year pertains to FY 2012-13 paid to MD & CEO and WTDs)

#### 2.1.33 Bancassurance Business

Details of income earned from Bancassurance business are as under:

		(₹ in crores)	
Sr. No.	Nature of Income*	31 March, 2015	31 March, 2014
1.	For selling life insurance policies	491.30	468.11
2.	For selling non-life insurance policies	22.40	18.16
3.	For selling mutual fund products	314.44	149.43
4.	Others (selling of gold coins, wealth advisory, RBI and other bonds etc.)	34.18	26.27
<b>Total</b>		<b>862.32</b>	<b>661.97</b>

\*includes receipts on account of marketing activities undertaken on behalf of bancassurance partners

2.1.34 The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

2.1.35 Amount of total assets, non-performing assets and revenue of overseas branches is given below:

		(₹ in crores)	
Particulars	31 March, 2015	31 March, 2014	
Total assets	<b>49,111.72</b>	43,129.73	
Total NPAs	<b>265.24</b>	254.28	
Total revenue	<b>2,608.85</b>	2,304.87	

2.1.36 During the year ended 31 March, 2015 the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) exceeded 5% of the book value of investments held in HTM category at the beginning of the year by ₹2.57 crores.

Market value of investments held in HTM category	Excess of book value over market value for which provision is not made
₹81,266.08 crores	Nil

During the year ended 31 March, 2014 the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) was within 5% of the book value of investments held in HTM category at the beginning of the year.



### 2.1.37 Disclosure on transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crores)	
Particulars	31 March, 2015
Opening balance of amounts transferred to DEAF	-
Add : Amounts transferred to DEAF during the year	26.94
Less : Amounts reimbursed by DEAF towards claims	(0.27)*
Closing balance of amounts transferred to DEAF	26.67

\*includes ₹0.08 crores of claim raised and pending settlement with RBI

### 2.1.38 Disclosure on Intra-Group Exposures

(₹ in crores)	
Particulars	31 March, 2015
Total amount of intra-group exposures	2,394.34
Total amount of top-20 intra-group exposures	2,394.34
Percentage of intra-group exposures to total exposure of the Bank on borrowers/customers	0.46

During the year ended 31 March, 2015, the intra-group exposures were within the limits specified by RBI.

### 2.1.39 Unhedged Foreign Currency Exposure

The Bank's Corporate Credit Policy lays down the framework to manage credit risk arising out of unhedged foreign currency exposures of the borrowers. Both at the time of initial approval as well as subsequent reviews, the assessment of credit risk arising out of foreign currency exposure of the borrowers include details of imports, exports, repayments of foreign currency borrowings, as well as hedges done by the borrowers or naturally enjoyed by them vis-a-vis their intrinsic financial strength, history of hedging and losses arising out of foreign currency volatility. The extent of hedge/cover required on the total foreign currency exposure including natural hedge and hedged positions, is guided through a matrix of internal ratings. The hedging policy is applicable for existing as well as new clients with foreign currency exposures above a predefined threshold. The details of un-hedged foreign currency exposure of customers for transactions undertaken through the Bank are monitored periodically. The Bank also maintains additional provision and capital, in line with RBI guidelines.

During the year ended 31 March, 2015, the Bank has made incremental provision of ₹133.66 crores and held incremental capital of ₹3,624.97 crores towards borrowers having unhedged foreign currency exposures.

### 2.1.40 Disclosure on Liquidity Coverage Ratio

#### Qualitative disclosure

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR). The mandated regulatory threshold as per the transition plan is embedded into the Risk Appetite Statement of the Bank thus subjecting LCR maintenance to Board oversight and periodical review. The Risk department computes the LCR and reports the same to the Asset Liability Management Committee (ALCO) every month for review as well as to the Risk Management Committee of the Board. The Bank has been submitting LCR reports to RBI commencing from January 2015.

The Bank follows the criteria laid down by RBI for month-end calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises Government securities in excess of minimum SLR requirement viz. Treasury Bills, Central and State Government securities. A relatively smaller part of HQLA is accounted for by the corporate bonds rated AA- and above with mandated haircuts applied thereto.

The Bank monitors the concentration of funding sources from significant counterparties, significant instruments/products as part of the asset liability management framework. The Bank adheres to the regulatory and internal limits on Inter-bank liability and call money borrowings which form part of the ALM policy. The Bank's funding sources are fairly dispersed across sources and maturities.

Expected derivative cash outflows and inflows are calculated for outstanding contracts in accordance with laid down valuation methodologies. Cash flows, if any, from collaterals posted against derivatives are not considered.

The Bank monitors the LCR in US Dollar currency which qualifies as a significant currency for monitoring LCR as per RBI guidelines.

The liquidity risk management of the Bank is undertaken by the Asset Liability Management group in the Treasury in accordance with the Board approved policies and ALCO approved funding plans. The Risk department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits, for both domestic as well as overseas operations, on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and periodical liquidity stress testing. Periodical reports are placed before the Bank's ALCO for perusal and review.

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation template.

#### Quantitative disclosure

(₹ in crores)			
Quarter ended 31 March, 2015			
		Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>			
1	Total High Quality Liquid Assets (HQLAs)		55,211.76
<b>Cash Outflows</b>			
2	Retail Deposits and deposits from small business customers, of which:	133,461.49	11,756.57
	(i) Stable Deposits	31,791.67	1,589.59
	(ii) Less Stable Deposits	101,669.82	10,166.98
3	Unsecured wholesale funding, of which:	133,049.25	49,462.48
	(i) Operational deposits (all counterparties)	21,024.50	5,250.14
	(ii) Non-operational deposits (all counterparties)	112,024.75	44,212.34
	(iii) Unsecured debt	-	-
4	Secured wholesale funding		1,902.52
5	Additional requirements, of which:	17,357.11	9,273.62
	(i) Outflows related to derivative exposures and other collateral requirements	8,442.79	8,442.79
	(ii) Outflows related to loss of funding on debt products	2,831.70	266.64
	(iii) Credit and liquidity facilities	6,082.62	564.19
6	Other contractual funding obligations	1,846.78	1,846.78
7	Other contingent funding obligations	171,438.09	8,571.90
<b>8</b>	<b>TOTAL CASH OUTFLOWS</b>		<b>82,813.87</b>

		Quarter ended 31 March, 2015	
		Total Unweighted Value (average)	Total Weighted Value (average)
<b>Cash Inflows</b>			
9	Secured lending (eg. reverse repo)	-	-
10	Inflows from fully performing exposures	16,209.48	11,673.13
11	Other cash inflows	8,438.68	8,438.68
<b>12</b>	<b>TOTAL CASH INFLOWS</b>	<b>24,648.16</b>	<b>20,111.81</b>
		Total adjusted Value	
<b>21</b>	<b>TOTAL HQLA</b>		55,211.76
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>		62,702.06
<b>23</b>	<b>LIQUIDITY COVERAGE RATIO %</b>		88.05%

Note: The above data represents simple average of monthly observations for the period January 2015 to March 2015

## 2.2 Other disclosures

- 2.2.1 During the year, the Bank has appropriated ₹63.14 crores (previous year ₹38.87 crores), net of taxes and transfer to statutory reserve to the Capital Reserve, being the gain on sale of HTM investments in accordance with RBI guidelines.
- 2.2.2 During the year, the Bank has appropriated an amount of ₹0.96 crores (previous year ₹0.89 crores) to Reserve Fund account towards statutory reserve in accordance with guidelines issued by Central Bank of Sri Lanka in respect of Colombo branch operations. Additionally, an amount of ₹2.22 crores appropriated to the Reserve Fund towards investment reserve in earlier years has been transferred to the profit and loss account in accordance with guidelines issued by Central Bank of Sri Lanka (previous year appropriation of ₹0.16 crores).
- 2.2.3 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

	31 March, 2015	31 March, 2014
Basic and Diluted earnings for the year (Net profit after tax) (₹in crores)	<b>7,357.82</b>	6,217.67
Basic weighted average no. of shares (in crores)	<b>235.98</b>	234.52
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	<b>2.53</b>	0.58
Diluted weighted average no. of shares (in crores)	<b>238.51</b>	235.10
Basic EPS (₹)	<b>31.18</b>	26.51
Diluted EPS (₹)	<b>30.85</b>	26.45
Nominal value of shares (₹)	<b>2.00</b>	2.00

Dilution of equity is on account of 25,286,978 (previous year 5,847,940) stock options.

## 2.2.4 Employee Stock Options Scheme ('the Scheme')

In February 2001, pursuant to the approval of the shareholders at the Extraordinary General Meeting, the Bank approved an Employee Stock Option Scheme. Under the Scheme, the Bank is authorised to issue upto 65,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. Further, over the period June 2004 to July 2013, pursuant to the approval of

the shareholders at Annual General Meetings, the Bank approved an ESOP scheme for additional options aggregating 175,087,000. The options vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 240,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is also authorised to issue options to employees and directors of the subsidiary companies.

222,052,950 options have been granted under the Scheme till the previous year ended 31 March, 2014.

On 26 April, 2014, the Bank granted 9,922,500 stock options (each option representing entitlement to one equity share of the Bank) to its employees including the MD & CEO and employees of certain subsidiaries of the Bank at a price of ₹306.54 per option.

The Shareholders of the Bank at the Twentieth Annual General Meeting held on 27 June, 2014, approved the amendment to the exercise period from 3 years to 5 years from the date of vesting of options, in respect of the options granted with effect from April 2014 onwards.

Stock option activity under the Scheme for the year ended 31 March, 2015 is set out below:

	<b>Options outstanding</b>	<b>Range of exercise prices (₹)</b>	<b>Weighted average exercise price (₹)</b>	<b>Weighted average remaining contractual life (Years)</b>
Outstanding at the beginning of the year	54,227,780	100.65 to 289.51	244.45	2.44
Granted during the year	9,922,500	306.54	306.54	-
Forfeited during the year	(293,290)	100.65 to 306.54	253.57	-
Expired during the year	(727,765)	100.65 to 242.96	209.14	-
Exercised during the year	(21,299,434)	100.65 to 289.51	225.90	-
<b>Outstanding at the end of the year</b>	<b>41,829,791</b>	<b>100.65 to 306.54</b>	<b>269.17</b>	<b>3.13</b>
Exercisable at the end of the year	21,204,291	100.65 to 289.51	256.34	1.57

The weighted average share price in respect of options exercised during the year was ₹444.13.

Stock option activity under the Scheme for the year ended 31 March, 2014 is set out below:

	<b>Options outstanding</b>	<b>Range of exercise prices (₹)</b>	<b>Weighted average exercise price (₹)</b>	<b>Weighted average remaining contractual life (Years)</b>
Outstanding at the beginning of the year	54,325,125	93.78 to 289.51	218.09	2.69
Granted during the year	10,015,000	288.96	288.96	-
Forfeited during the year	(300,020)	93.78 to 289.51	230.43	-
Expired during the year	(361,900)	93.78 to 164.88	112.57	-
Exercised during the year	(9,450,425)	93.78 to 289.51	145.57	-
<b>Outstanding at the end of the year</b>	<b>54,227,780</b>	<b>100.65 to 289.51</b>	<b>244.45</b>	<b>2.44</b>
Exercisable at the end of the year	30,212,130	100.65 to 289.51	228.69	1.42

The weighted average share price in respect of options exercised during the year was ₹262.80.

#### *Fair Value Methodology*

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

	31 March, 2015	31 March, 2014
<b>Net Profit (as reported) (₹ in crores)</b>	<b>7,357.82</b>	6,217.67
Add: Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	<b>(90.26)</b>	(103.48)
Net Profit (Proforma) (₹ in crores)	<b>7,267.56</b>	6,114.19
<b>Earnings per share: Basic (in ₹)</b>		
As reported	<b>31.18</b>	26.51
Proforma	<b>30.80</b>	26.07
<b>Earnings per share: Diluted (in ₹)</b>		
As reported	<b>30.85</b>	26.45
Proforma	<b>30.49</b>	26.01

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March, 2015	31 March, 2014
Dividend yield	<b>1.32%</b>	1.36%
Expected life	<b>2.57-4.57 years</b>	2-4 years
Risk free interest rate	<b>8.62% to 8.78%</b>	7.45% to 7.57%
Volatility	<b>35.77% to 38.01%</b>	33.86% to 36.93%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March, 2015 is ₹109.72 (previous year ₹87.77).

#### 2.2.5 Dividend paid on shares issued on exercise of stock options

The Bank may allot shares between the Balance Sheet date and record date for the declaration of dividend pursuant to the exercise of any employee stock options. These shares will be eligible for full dividend for the year ended 31 March, 2015, if approved at the ensuing Annual General Meeting. Dividend relating to these shares has not been recorded in the current year.

Appropriation to proposed dividend during the year ended 31 March, 2015 includes dividend of ₹3.41 crores (previous year ₹2.05 crores) paid pursuant to exercise of employee stock options after the previous year end but before the record date for declaration of dividend for the year ended 31 March, 2014.

#### 2.2.6 Segmental reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified based on the RBI's revised guidelines on Segment Reporting issued on 18 April, 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under.

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment, fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and internal benchmarks, has been used. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Segmental results are set out below:

(₹ in crores)

	31 March, 2015				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
<b>Segment Revenue</b>					
Gross interest income (external customers)	9,610.70	13,793.09	12,074.81	-	35,478.60
Other income	2,234.30	3,103.08	2,152.13	875.53	8,365.04
<b>Total income as per Profit and Loss Account</b>	<b>11,845.00</b>	<b>16,896.17</b>	<b>14,226.94</b>	<b>875.53</b>	<b>43,843.64</b>
Add/(less) inter segment interest income	39,936.35	4,209.43	14,070.80	-	58,216.58
<b>Total segment revenue</b>	<b>51,781.35</b>	<b>21,105.60</b>	<b>28,297.74</b>	<b>875.53</b>	<b>102,060.22</b>
Less: Interest expense (external customers)	10,298.20	455.24	10,501.02	-	21,254.46
Less: Inter segment interest expense	38,016.17	10,505.60	9,694.81	-	58,216.58
Less: Operating expenses	385.83	2,263.01	6,469.14	85.76	9,203.74
<b>Operating profit</b>	<b>3,081.15</b>	<b>7,881.75</b>	<b>1,632.77</b>	<b>789.77</b>	<b>13,385.44</b>
Less: Provision for non-performing assets/others*	13.36	1,859.07	455.25	0.93	2,328.61
<b>Segment result</b>	<b>3,067.79</b>	<b>6,022.68</b>	<b>1,177.52</b>	<b>788.84</b>	<b>11,056.83</b>
Less: Provision for tax					3,699.01
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>7,357.82</b>
Segment assets	170,598.44	160,628.30	127,917.60	618.56	459,762.90
Unallocated assets					2,169.49
<b>Total assets</b>					<b>461,932.39</b>
Segment liabilities	154,185.37	77,741.83	183,949.89	41.96	415,919.05
Unallocated liabilities					1,336.83
<b>Total liabilities</b>					<b>417,255.88</b>
<b>Net assets</b>	<b>16,413.07</b>	<b>82,886.47</b>	<b>(56,032.29)</b>	<b>576.60</b>	<b>44,676.51</b>
<b>Capital expenditure for the year</b>	<b>12.97</b>	<b>158.81</b>	<b>343.72</b>	<b>6.85</b>	<b>522.35</b>
<b>Depreciation on fixed assets for the year</b>	<b>10.07</b>	<b>123.33</b>	<b>266.94</b>	<b>5.33</b>	<b>405.67</b>

(₹ in crores)

31 March, 2014					
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
<b>Segment Revenue</b>					
Gross interest income (external customers)	8,690.80	12,605.67	9,344.69	-	30,641.16
Other income	2,102.78	3,016.49	1,619.06	666.89	7,405.22
<b>Total income as per Profit and Loss Account</b>	<b>10,793.58</b>	<b>15,622.16</b>	<b>10,963.75</b>	<b>666.89</b>	<b>38,046.38</b>
Add/(less) inter segment interest income	35,545.78	3,802.28	11,355.87	-	50,703.93
<b>Total segment revenue</b>	<b>46,339.36</b>	<b>19,424.44</b>	<b>22,319.62</b>	<b>666.89</b>	<b>88,750.31</b>
Less: Interest expense (external customers)	9,904.69	383.58	8,401.25	-	18,689.52
Less: Inter segment interest expense	33,763.53	9,370.03	7,570.37	-	50,703.93
Less: Operating expenses	384.68	2,012.82	5,405.82	97.45	7,900.77
<b>Operating profit</b>	<b>2,286.46</b>	<b>7,658.01</b>	<b>942.18</b>	<b>569.44</b>	<b>11,456.09</b>
Less: Provision for non-performing assets/others*	11.34	1,765.41	330.29	0.42	2,107.46
<b>Segment result</b>	<b>2,275.12</b>	<b>5,892.60</b>	<b>611.89</b>	<b>569.02</b>	<b>9,348.63</b>
Less: Provision for tax					3,130.96
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>6,217.67</b>
Segment assets	143,268.32	132,124.20	105,609.76	383.62	381,385.90
Unallocated assets					1,858.99
<b>Total assets</b>					<b>383,244.89</b>
Segment liabilities	123,757.71	69,718.11	150,297.09	25.94	343,798.85
Unallocated liabilities					1,225.55
<b>Total liabilities</b>					<b>345,024.40</b>
<b>Net assets</b>	<b>19,510.61</b>	<b>62,406.09</b>	<b>(44,687.33)</b>	<b>357.68</b>	<b>38,220.49</b>
<b>Capital expenditure for the year</b>	<b>20.48</b>	<b>157.66</b>	<b>432.03</b>	<b>4.69</b>	<b>614.86</b>
<b>Depreciation on fixed assets for the year</b>	<b>12.12</b>	<b>93.32</b>	<b>255.71</b>	<b>2.78</b>	<b>363.93</b>

\*represents material non-cash items other than depreciation

Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014
Revenue	41,234.79	35,741.51	2,608.85	2,304.87	43,843.64	38,046.38
Assets	412,820.67	340,115.16	49,111.72	43,129.73	461,932.39	383,244.89
Capital Expenditure incurred	521.44	608.18	0.91	6.68	522.35	614.86
Depreciation provided	402.80	361.74	2.87	2.19	405.67	363.93



## 2.2.7 Related party disclosure

The related parties of the Bank are broadly classified as:

### a) *Promoters*

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation and four Government-owned general insurance companies - New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

### b) *Key Management Personnel*

- Mrs. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. Somnath Sengupta [Executive Director & Head (Corporate Centre)] upto 31 August, 2014
- Mr. V. Srinivasan [Executive Director & Head (Corporate Banking)]
- Mr. Sanjeev K. Gupta [Executive Director (Corporate Centre) & Chief Financial Officer] with effect from 4 September, 2014

### c) *Relatives of Key Management Personnel*

Mr. Sanjaya Sharma, Mrs. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Mrs. Chaitaly Sengupta, Mrs. Renukona Sengupta, Mr. Niloy Sengupta, Mrs. Gayathri Srinivasan, Mrs. Vanjulam Varadarajan, Mr. V. Satish, Mrs. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Mrs. Poonam Gupta, Mr. Somya Gupta, Mr. Shubham Gupta, Mr. Rajeev Agarwal and Mr. Deepak Kumar Gupta

### d) *Subsidiary Companies*

- Axis Capital Limited
- Axis Private Equity Limited
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited
- Axis Bank UK Limited
- Axis Finance Limited
- Axis Securities Limited

### e) *Step down Subsidiary Companies*

- Enam International Limited (voluntarily dissolved on 24 August, 2014)
- Axis Securities Europe Limited

### f) *Associate*

- Bussan Auto Finance India Private Limited (upto 30 March, 2015)

The above investment does not fall within the definition of a Joint Venture as per AS-27, Financial

Reporting of Interest in Joint Ventures, notified under Section 2(2) and Section 133 of the Companies Act, 2013 and the said accounting standard is thus not applicable. However, pursuant to RBI guidelines, the Bank classified the same as investment in joint ventures in the Balance Sheet. On 30 March, 2015, the Bank has sold its stake in Bussan Auto Finance India Private Limited. Such investment has been accounted as an Associate in Consolidated Financial Statements as per AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 till the date of sale. Based on RBI guidelines, details of transactions with Associates are not disclosed since there is only one entity/party in this category.

The significant transactions between the Bank and related parties during the years ended 31 March, 2015 and 31 March, 2014 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

- Dividend paid: Administrator of The Specified Undertaking of the Unit Trust of India ₹109.94 crores (previous year ₹175.00 crores), Life Insurance Corporation of India ₹127.35 crores (previous year ₹78.77 crores)
- Dividend received: Axis Securities Ltd. ₹18.06 crores (previous year Nil), Axis Trustee Services Ltd. ₹10.50 crores (previous year ₹1.88 crores) and Axis Private Equity Ltd. ₹5.25 crores (previous year Nil)
- Interest paid: Life Insurance Corporation of India ₹744.04 crores (previous year ₹928.77 crores)
- Interest received: Axis Bank UK Ltd. ₹6.85 crores (previous year ₹6.52 crores) and Axis Finance Ltd. ₹1.59 crores (previous year ₹1.27 crores)
- Investment of the Bank: Axis Asset Management Company Ltd. ₹48.75 crores (previous year Nil), Axis Finance Ltd. ₹100 crores (previous year ₹250 crores) and Axis Bank UK Ltd. Nil (previous year ₹299.57 crores)
- Investment of related party in bonds of the Bank: Life Insurance Corporation of India ₹500.00 crores (previous year Nil)
- Investment of related party in the Bank: Mrs. Shikha Sharma ₹22.65 crores (previous year ₹7.35 crores), Mr. V. Srinivasan ₹6.81 crores (previous year ₹2.43 crores), Mr. Somnath Sengupta ₹7.04 crores (previous year ₹0.89 crores)
- Redemption of subordinated debt: Life Insurance Corporation of India Nil (previous year ₹25.00 crores) and General Insurance Corporation of India Nil (previous year ₹15 crores)
- Sale of Investments: Life Insurance Corporation of India Nil (previous year ₹221.71 crores), General Insurance Corporation of India ₹211.06 crores (previous year ₹181.37 crores), New India Assurance Company Ltd. ₹50 crores (previous year ₹147.51 crores), National Insurance Company Ltd. ₹222.34 crores (previous year ₹109.97 crores), United India Insurance Company Ltd. ₹120.02 crores (previous year ₹79.12 crores)
- Management Contracts: Axis Securities Limited ₹4.41 crores (previous year ₹4.76 crores), Axis Trustee Services Ltd. ₹2.62 crores (previous year ₹2.63 crores) and Axis Finance Ltd. ₹2.70 crores

(previous year ₹2.52 crores), Mrs. Shikha Sharma ₹4.18 crores (previous year ₹4.07 crores), Mr. Somnath Sengupta ₹4.51 crores (previous year ₹2.30 crores) and Mr. V. Srinivasan ₹2.46 crores (previous year ₹2.18 crores)

- Contribution to employee benefit fund: Life Insurance Corporation of India ₹16.04 crores (previous year ₹15.49 crores)
- Placement of Deposit by the Bank: Life Insurance Corporation of India ₹0.14 crores (previous year Nil)
- Non-funded commitments (net): Axis Securities Ltd. ₹69.00 crores (previous year Nil), Life Insurance Corporation of India ₹0.01 crores (previous year ₹0.02 crores), Oriental Insurance Company Ltd. ₹0.01 crores (previous year ₹0.04 crores)
- Call/Term borrowing from related party: Axis Bank UK Ltd. Nil (previous year ₹143.99 crores)
- Call/Term lending to related party: Axis Bank UK Ltd. Nil (previous year ₹12.65 crores)
- Swap/forward contracts: Axis Bank UK Ltd. ₹158.85 crores (previous year ₹413.52 crores)
- Advance granted (net): Axis Asset Management Company Ltd. ₹44.69 crores (previous year Nil), Axis Bank UK Ltd. Nil (previous year ₹148.48 crores) and Axis Finance Ltd. Nil (previous year ₹62.12 crores)
- Advance repaid: Life Insurance Corporation of India Nil (previous year ₹27.91 crores), Axis Finance Ltd. ₹30.05 crores (previous year Nil)
- Purchase of loans: Axis Bank UK Ltd. ₹8.92 crores (previous year Nil)
- Sell down of loans (including undisbursed loan commitments): Axis Bank UK Ltd. ₹321.44 crores (previous year ₹694.79 crores)
- Advance to related party against rendering of services: Axis Securities Ltd. ₹21.00 crores (previous year ₹25.00 crores)
- Receiving of services: Oriental Insurance Company Ltd. ₹61.47 crores (previous year ₹51.20 crores), Axis Securities Limited ₹318.10 crores (previous year ₹241.95 crores)
- Rendering of services: Axis Asset Management Company Ltd. ₹194.15 crores (previous year ₹15.97 crores), Axis Bank UK Ltd. ₹0.94 crores (previous year ₹4.15 crores) and Axis Capital Ltd. ₹5.90 crores (previous year ₹7.66 crores)
- Purchase of equity shares from related party: Axis Capital Ltd. Nil (previous year ₹38.25 crores)
- Other reimbursement from related party: Axis Securities Ltd. ₹0.93 crores (previous year ₹1.01 crores), Axis Asset Management Company Ltd. ₹1.70 crores (previous year ₹1.73 crores), Axis Bank UK Ltd. ₹0.16 crores (previous year ₹2.17 crores) and Axis Capital Ltd. ₹4.67 crores (previous year ₹3.56 crores)
- Other reimbursement to related party: Life Insurance Corporation of India ₹0.37 crores (previous year ₹0.39 crores), Axis Asset Management Company Ltd. ₹3.36 crores (previous year ₹0.01 crores), Axis Capital Ltd. ₹0.50 crores (previous year Nil) and Axis Securities Ltd. Nil (previous year ₹0.40 crores)

The details of transactions of the Bank with its related parties during the year ended 31 March, 2015 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Dividend paid	275.28	0.28	-	-	-	<b>275.56</b>
Dividend received	-	-	-	33.81	-	<b>33.81</b>
Interest paid	810.09	0.30	0.28	32.39	-	<b>843.06</b>
Interest received	0.05	0.12	-	8.75	-	<b>8.92</b>
Investment of the Bank	-	-	-	148.75	-	<b>148.75</b>
Investment of related party in the Bank	-	39.74	-	-	-	<b>39.74</b>
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	550.00	-	-	-	-	<b>550.00</b>
Redemption of subordinated debt	-	-	-	-	-	-
Purchase of investments	-	-	-	-	-	-
Sale of investments	658.93	-	-	-	-	<b>658.93</b>
Management contracts	-	11.99	-	9.90	-	<b>21.89</b>
Contribution to employee benefit fund	16.04	-	-	-	-	<b>16.04</b>
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	0.03	-	<b>0.03</b>
Placement of deposits	0.14	-	-	-	-	<b>0.14</b>
Non-funded commitments (net)	0.08	-	-	69.00	-	<b>69.08</b>
Call/Term borrowing	-	-	-	-	-	-
Call/Term lending	-	-	-	-	-	-
Swaps/Forward contracts	-	-	-	158.85	-	<b>158.85</b>
Advance granted (net)	0.04	-	-	44.70	-	<b>44.74</b>
Advance repaid	-	0.23	-	30.05	-	<b>30.28</b>
Purchase of loans	-	-	-	8.92	-	<b>8.92</b>
Sell down of loans (including undisbursed loan commitments)	-	-	-	321.44	-	<b>321.44</b>
Advance to related party against rendering of services	-	-	-	21.00	-	<b>21.00</b>
Receiving of services	78.43	-	-	324.08	-	<b>402.51</b>
Rendering of services	2.18	-	-	205.51	-	<b>207.69</b>
Purchase of equity shares from related party	-	-	-	-	-	-
Other reimbursements from related party	-	-	-	8.46	-	<b>8.46</b>
Other reimbursements to related party	0.37	-	-	3.86	-	<b>4.23</b>

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2015 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-	-
Deposits with the Bank	8,347.06	1.78	4.52	539.69	-	<b>8,893.05</b>
Placement of deposits	0.30	-	-	-	-	<b>0.30</b>
Advances	1.02	0.77	0.02	233.28	-	<b>235.09</b>
Investment of the Bank	-	-	-	1,169.01	-	<b>1,169.01</b>
Investment of related party in the Bank	132.42	0.17	-	-	-	<b>132.59</b>
Non-funded commitments	3.12	-	-	73.35	-	<b>76.47</b>
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	-	-	<b>3,370.00</b>
Payable under management contracts	-	0.90	-	-	-	<b>0.90</b>
Other receivables (net)	-	-	-	88.33*	-	<b>88.33</b>
Other payables (net)	-	-	-	15.14	-	<b>15.14</b>
Swaps/Forward contracts	-	-	-	20.34	-	<b>20.34</b>

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2015 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-	-
Deposits with the Bank	13,937.88	15.50	6.61	811.58	-	<b>14,771.57</b>
Placement of deposits	0.30	-	-	-	-	<b>0.30</b>
Advances	50.43	1.61	-	350.09	-	<b>402.13</b>
Investment of the Bank	-	-	-	1,169.01	-	<b>1,169.01</b>
Investment of related party in the Bank	138.78	0.17	-	-	-	<b>138.95</b>
Non-funded commitments	3.13	-	-	73.35	-	<b>76.48</b>
Call borrowing	-	-	-	-	-	-
Call lending	-	-	-	-	-	-
Swaps/Forward contracts	-	-	-	83.09	-	<b>83.09</b>
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	-	-	<b>3,370.00</b>
Payable under management contracts	-	0.90	-	-	-	<b>0.90</b>
Other receivables (net)	-	-	-	160.41	-	<b>160.41</b>
Other payables (net)	-	-	-	20.70	-	<b>20.70</b>

The details of transactions of the Bank with its related parties during the year ended 31 March, 2014 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Dividend paid	286.21	0.13	-	-	-	<b>286.34</b>
Dividend received	-	-	-	1.88	-	<b>1.88</b>
Interest paid	994.86	0.78	0.08	27.09	-	<b>1,022.81</b>
Interest received	0.27	0.17	-	7.85	-	<b>8.29</b>
Investment of the Bank	-	-	-	599.57	-	<b>599.57</b>
Investment of related party in the Bank	-	10.68	-	-	-	<b>10.68</b>
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	-	-	-	-	-	-
Redemption of subordinated debt	40.00	-	-	-	-	<b>40.00</b>
Purchase of investments	-	-	-	-	-	-
Sale of investments	754.46	-	-	-	-	<b>754.46</b>
Management contracts	-	8.55	-	10.08	-	<b>18.63</b>
Contribution to employee benefit fund	15.49	-	-	-	-	<b>15.49</b>
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Non-funded commitments (net)	0.06	-	-	-	-	<b>0.06</b>
Call/Term borrowing	-	-	-	143.99	-	<b>143.99</b>
Call/Term lending	-	-	-	12.65	-	<b>12.65</b>
Swaps/Forward contracts	-	-	-	413.52	-	<b>413.52</b>
Advance granted (net)	-	0.83	-	210.59	-	<b>211.42</b>
Advance repaid	27.91	1.26	-	-	-	<b>29.17</b>
Purchase of loans	-	-	-	-	-	-
Sell down of loans	-	-	-	694.79	-	<b>694.79</b>
Advance to related party against rendering of services	-	-	-	25.00	-	<b>25.00</b>
Receiving of services	67.60	-	-	244.98	-	<b>312.58</b>
Rendering of services	2.45	-	-	31.16	-	<b>33.61</b>
Purchase of equity shares from related party	-	-	-	38.25	-	<b>38.25</b>
Other reimbursements from related party	-	-	-	9.05	-	<b>9.05</b>
Other reimbursements to related party	0.39	-	-	0.42	-	<b>0.81</b>

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2014 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-	-
Deposits with the Bank	10,097.26	9.77	1.23	414.00	-	<b>10,522.26</b>
Placement of deposits	0.15	-	-	-	-	<b>0.15</b>
Advances	0.78	1.61	-	212.16	-	<b>214.55</b>
Investment of the Bank	-	-	-	1,020.26	-	<b>1,020.26</b>
Investment of related party in the Bank	138.78	0.10	-	-	-	<b>138.88</b>
Non-funded commitments	3.07	-	-	4.35	-	<b>7.42</b>
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	2,765.00	-	-	-	-	<b>2,765.00</b>
Payable under management contracts	-	-	-	-	-	-
Other receivables (net)	-	-	-	77.52*	-	<b>77.52</b>
Other payables (net)	-	-	-	7.04	-	<b>7.04</b>
Swaps/Forward contracts	-	-	-	81.84	-	<b>81.84</b>

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2014 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-	-
Deposits with the Bank	10,836.28	12.89	1.76	519.80	-	<b>11,370.73</b>
Placement of deposits	0.16	-	-	-	-	<b>0.16</b>
Advances	66.57	2.04	-	309.78	-	<b>378.39</b>
Investment of the Bank	-	-	-	1,020.26	-	<b>1,020.26</b>
Investment of related party in the Bank	169.76	0.10	-	-	-	<b>169.86</b>
Non-funded commitments	3.09	-	-	4.35	-	<b>7.44</b>
Call borrowing	-	-	-	143.99	-	<b>143.99</b>
Call lending	-	-	-	12.65	-	<b>12.65</b>
Swaps/Forward contracts	-	-	-	161.62	-	<b>161.62</b>
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	3,817.30	-	-	-	-	<b>3,817.30</b>
Payable under management contracts	-	-	-	-	-	-
Other receivables (net)	-	-	-	77.52	-	<b>77.52</b>
Other payables (net)	-	-	-	41.15	-	<b>41.15</b>

The transactions with Promoters and Key Management Personnel excluding those under management contracts are in nature of the banker-customer relationship.

Details of transactions with Axis Mutual Fund and Axis Infrastructure Fund-I, the funds floated by Axis Asset Management Company Ltd. and Axis Private Equity Ltd., the Bank's subsidiaries have not been disclosed since these entities do not qualify as Related Parties as defined under the Accounting Standard 18, Related Party Disclosure, as notified under Section 2(2) and Section 133 of the Companies Act, 2013 and as per RBI guidelines.

\* Upto 31 December, 2014, the Bank had entered into an arrangement with Axis Asset Management Company Ltd. (Axis AMC), the Bank's subsidiary, in terms of which payment of brokerage in respect of distribution of certain schemes is scheduled over the period of the schemes. This arrangement, however, has no effect on the accounting policy of the Bank, as such brokerage income is recognised by the Bank as and when the same is due. Other receivables include such brokerage recoverable from Axis AMC as on the reporting date.

## 2.2.8 Leases

Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, staff quarters, electronic data capturing machines and IT equipment.

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Future lease rentals payable as at the end of the year:		
- Not later than one year	617.96	565.48
- Later than one year and not later than five years	1,967.27	1,789.58
- Later than five years	982.37	850.00
Total of minimum lease payments recognised in the Profit and Loss Account for the year	653.63	634.80
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	0.11	-
Sub-lease payments recognised in the Profit and Loss Account for the year	0.03	0.15

The Bank has sub-leased certain of its properties taken on lease.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

## 2.2.9 Other Fixed Assets (including furniture & fixtures)

The movement in fixed assets capitalised as application software is given below:

	(₹ in crores)	
Particulars	31 March, 2015	31 March, 2014
At cost at the beginning of the year	586.02	457.40
Additions during the year	127.84	130.23
Deductions during the year	(0.09)	(1.61)
Accumulated depreciation as at 31 March	(461.73)	(380.39)
Closing balance as at 31 March	252.04	205.63
Depreciation charge for the year	81.40	69.07



2.2.10 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

	(₹ in crores)	
<b>As at</b>	<b>31 March, 2015</b>	<b>31 March, 2014</b>
Deferred tax assets on account of provisions for loan losses	<b>1,382.83</b>	1,197.57
Deferred tax assets on account of amortisation of HTM investments	<b>37.70</b>	191.25
Deferred tax assets on account of provision for employee benefits	<b>75.51</b>	69.37
Deferred tax assets on account of other contingencies	<b>436.27</b>	317.95
<b>Deferred tax assets</b>	<b>1,932.31</b>	1,776.14
Deferred tax liabilities on account of depreciation on fixed assets	<b>45.40</b>	42.59
<b>Deferred tax liabilities</b>	<b>45.40</b>	42.59
<b>Net Deferred tax assets</b>	<b>1,886.91</b>	1,733.55

2.2.11 Employee Benefits

#### **Provident Fund**

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date.

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Provident Fund benefit plan.

#### Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

	(₹ in crores)	
	<b>31 March, 2015</b>	<b>31 March, 2014</b>
Current Service Cost	<b>67.98</b>	95.40
Interest on Defined Benefit Obligation	<b>95.04</b>	61.65
Expected Return on Plan Assets	<b>(97.25)</b>	(73.26)
Net Actuarial Losses/(Gains) recognised in the year	<b>2.21</b>	11.61
<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>	<b>67.98</b>	95.40
Actual Return on Plan Assets	<b>93.26</b>	114.68

#### Balance Sheet

Details of provision for provident fund

	(₹ in crores)	
	<b>31 March, 2015</b>	<b>31 March, 2014</b>
Fair Value of Plan Assets	<b>1,240.83</b>	1,013.25
Present Value of Funded Obligations	<b>(1,240.83)</b>	(1,013.25)
<b>Net Asset</b>	<b>-</b>	<b>-</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	-	-
Assets	-	-
<b>Net Asset (included under Schedule 11 – Other Assets)</b>	<b>-</b>	<b>-</b>

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2015	31 March, 2014
<b>Change in Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	<b>1,013.25</b>	713.56
Current Service Cost	<b>67.98</b>	95.40
Interest Cost	<b>95.04</b>	61.65
Actuarial Losses/(Gains)	<b>(1.78)</b>	53.03
Employees Contribution	<b>152.02</b>	146.75
Liability transferred from/to other companies	<b>0.71</b>	0.63
Benefits Paid	<b>(86.39)</b>	(57.77)
<b>Closing Defined Benefit Obligation</b>	<b>1,240.83</b>	1,013.25

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2015	31 March, 2014
<b>Change in the Fair Value of Assets</b>		
<b>Opening Fair Value of Plan Assets</b>	<b>1,013.25</b>	713.56
Expected Return on Plan Assets	<b>97.25</b>	73.26
Actuarial Gains/(Losses)	<b>(3.99)</b>	41.42
Employer contribution during the period	<b>67.98</b>	95.40
Employee contribution during the period	<b>152.02</b>	146.75
Assets transferred from/to other companies	<b>0.71</b>	0.63
Benefits Paid	<b>(86.39)</b>	(57.77)
<b>Closing Fair Value of Plan Assets</b>	<b>1,240.83</b>	1,013.25

Experience adjustments

(₹ in crores)

	31 March, 2015	31 March, 2014
Defined Benefit Obligations	<b>1,240.83</b>	1,013.25
Plan Assets	<b>1,240.83</b>	1,013.25
Surplus/(Deficit)	-	-
Experience Adjustments on Plan Liabilities	<b>(1.79)</b>	53.03
Experience Adjustments on Plan Assets	<b>(3.99)</b>	41.42

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2015	31 March, 2014
	%	%
Government securities	<b>52.84</b>	54.06
Bonds, debentures and other fixed income instruments	<b>30.13</b>	27.75
Equity shares	<b>12.15</b>	14.78
Others	<b>4.88</b>	3.41

**Principal actuarial assumptions at the Balance Sheet date:**

	31 March, 2015	31 March, 2014
Discount rate for the term of the obligation	8.00%	9.15%
Average historic yield on the investment portfolio	9.01%	8.88%
Discount rate for the remaining term to maturity of the investment portfolio	7.89%	9.03%
Expected investment return	9.12%	9.00%
Guaranteed rate of return	8.75%	8.75%

The contribution to the employee's provident fund (including Employee Pension Scheme) amounted to ₹107.29 crores (previous year ₹95.40 crores) for the year.

**Superannuation**

The Bank contributed ₹15.72 crores (previous year ₹15.22 crores) to the employees' superannuation plan for the year.

**Leave Encashment**

The actuarial liability of compensated absences of accumulated privileged leave of the employees of the Bank is given below:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Actuarial Liability – Privilege Leave	210.76	179.10
<b>Total Expense included in Schedule 16(I)</b>	<b>66.35</b>	<b>(114.72)</b>

**Assumptions**

Discount rate	8.00% p.a.	9.15% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.

**Gratuity**

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan:

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Current Service Cost	24.75	23.19
Interest on Defined Benefit Obligation	15.71	12.01
Expected Return on Plan Assets	(11.82)	(10.68)
Net Actuarial Losses/(Gains) recognised in the year	19.45	(10.53)
Past Service Cost	-	-
<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>	<b>48.09</b>	<b>13.99</b>
Actual Return on Plan Assets	13.09	13.01

## Balance Sheet

### Details of provision for gratuity

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Fair Value of Plan Assets	209.49	163.35
Present Value of Funded Obligations	(206.96)	(157.72)
<b>Net Asset</b>	<b>2.53</b>	<b>5.63</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	-	-
Assets	2.53	5.63
<b>Net Asset (included under Schedule 11 – Other Assets)</b>	<b>2.53</b>	<b>5.63</b>

Changes in the present value of the defined benefit obligation are as follows:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
<b>Change in Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	<b>157.72</b>	137.60
Current Service Cost	24.75	23.19
Interest Cost	15.71	12.01
Actuarial Losses/(Gains)	20.73	(8.20)
Past service cost	-	-
Benefits Paid	(11.95)	(6.88)
<b>Closing Defined Benefit Obligation</b>	<b>206.96</b>	157.72

Changes in the fair value of plan assets are as follows:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
<b>Change in the Fair Value of Assets</b>		
<b>Opening Fair Value of Plan Assets</b>	<b>163.35</b>	146.22
Expected Return on Plan Assets	11.82	10.68
Actuarial Gains/(Losses)	1.26	2.33
Contributions by Employer	45.01	11.00
Benefits Paid	(11.95)	(6.88)
<b>Closing Fair Value of Plan Assets</b>	<b>209.49</b>	163.35

Experience adjustments

	(₹ in crores)				
	31 March, 2015	31 March, 2014	31 March, 2013	31 March, 2012	31 March, 2011
Defined Benefit Obligations	206.96	157.72	137.60	93.40	60.65
Plan Assets	209.49	163.35	146.22	97.91	63.43
Surplus/(Deficit)	2.53	5.63	8.62	4.51	2.78
Experience Adjustments on Plan Liabilities	1.06	7.67	4.58	27.08	1.40
Experience Adjustments on Plan Assets	1.27	2.33	2.07	0.48	(0.78)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2015	31 March, 2014
	%	%
Government securities	39.17	41.24
Bonds, debentures and other fixed income instruments	41.35	48.22
Money market instruments	6.37	7.85
Equity shares	1.18	2.34
Others	11.93	0.35

	31 March, 2015	31 March, 2014
<b>Principal actuarial assumptions at the Balance Sheet date:</b>		
Discount Rate	8.00% p.a.	9.15% p.a.
Expected Rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- 21 to 30 (age in years)	19.00%	19.00%
- 31 to 44 (age in years)	8.00%	8.00%
- 45 to 59 (age in years)	4.00%	4.00%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the Balance Sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

The above information is as certified by the actuary and relied upon by the auditors.

#### 2.2.12 Provisions and contingencies

- a) Movement in provision for frauds included under other liabilities is set out below:

	31 March, 2015	31 March, 2014
		(₹ in crores)
Opening balance at the beginning of the year	14.06	13.97
Additions during the year	11.27	1.00
Reductions on account of payments during the year	(0.23)	(0.41)
Reductions on account of reversals during the year	(0.30)	(0.50)
<b>Closing balance at the end of the year</b>	<b>24.80</b>	<b>14.06</b>

- b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

	31 March, 2015	31 March, 2014
		(₹ in crores)
Opening provision at the beginning of the year	85.31	67.89
Provision made during the year	8.39	22.88
Reductions during the year	(10.51)	(5.46)
<b>Closing provision at the end of the year</b>	<b>83.19</b>	<b>85.31</b>

- c) Movement in provision for other contingencies is set out below:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Opening provision at the beginning of the year	821.61	396.46
Provision made during the year	824.50	785.93
Reductions during the year	(587.43)	(360.78)
<b>Closing provision at the end of the year</b>	<b>1,058.68</b>	<b>821.61</b>

The above provision includes contingent provision for advances/other exposures, legal cases and other contingencies.

#### 2.2.13 Unclaimed Shares:

Details of unclaimed shares as of 31 March, 2015 and 31 March, 2014 are as follows:

	31 March, 2015	31 March, 2014
Aggregate number of shareholders at the beginning of the year	29	29
Total outstanding shares in Unclaimed Suspense Account at the beginning of the year	18,000	18,000
Number of shareholders who approached to issuer for transfer of shares from Unclaimed Suspense Account during the year	-	-
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	-	-
Aggregate number of shareholders at the end of the year	29	29
Total outstanding shares in Unclaimed Suspense Account at the end of the year	18,000	18,000

#### 2.2.14 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

#### 2.2.15 Description of contingent liabilities:

- a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Bank. Apart from claims assessed as possible, the Bank holds provision of ₹25.63 crores as on 31 March 2015 (previous year ₹27.96 crores) towards claims assessed as probable.

- b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate/currency futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a

specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts (with effect from current year), commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Bank and amount transferred to Depositor Education and Awareness Fund (DEAF).

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

2.2.16 Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

**For Axis Bank Ltd.**

**Sanjiv Misra**  
Chairman

**K. N. Prithviraj**  
Director

**V. R. Kaundinya**  
Director

**Samir K. Barua**  
Director

**S. Vishvanathan**  
Director

**Shikha Sharma**  
Managing Director & CEO

Date : 29 April, 2015  
Place : Mumbai

**Sanjeev Kapoor**  
Company Secretary

**V. Srinivasan**  
Executive Director  
& Head (Corporate Banking)

**Sanjeev K. Gupta**  
Executive Director (Corporate Centre)  
& Chief Financial Officer

## AUDITORS' CERTIFICATE

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**To**  
**The Members of Axis Bank Limited**

We have examined the compliance of conditions of Corporate Governance by AXIS BANK LIMITED, for the year ended on 31<sup>st</sup> March 2015, as stipulated in revised Clause 49 of the Listing Agreement of the said Bank with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

For **S.R. BATLIBOI & CO. LLP**  
Chartered Accountants  
ICAI Firm Registration Number : 301003E

**per Viren H. Mehta**  
**Partner**  
Membership No. : 048749

Date : 29<sup>th</sup> April 2015  
Place: Mumbai



# CORPORATE GOVERNANCE

(Forming Part of the Directors' Report for the year ended 31<sup>st</sup> March 2015)

## 1. Philosophy on Code of Governance

The Bank's policy on Corporate Governance has been:

- I. To enhance the long-term interest of its shareholders, provide good management, adopt prudent risk management techniques and comply with the required standards of capital adequacy, thereby safeguarding the interest of its other stakeholders such as depositors, creditors, customers, suppliers and employees.
- II. To institutionalise accountability, transparency and equality of treatment for all its stakeholders, as central tenets of good corporate governance and to articulate this approach in its day-to-day functioning and in dealing with all its stakeholders.

## 2. Board of Directors

- I. The composition of the Board of Directors of the Bank is governed by the relevant provisions of the Companies Act, 2013, the Rules made thereunder, the Banking Regulation Act, 1949 and revised Clause 49 of the Listing Agreement relating to Corporate Governance.
- II. The Bank's Board has an optimum combination of executive and non-executive Directors. The Board presently comprises of 13 Directors and it provides diverse combination of professionalism, knowledge, expertise and experience as required in the banking business. The Board has 7 Independent Directors constituting more than one-half of its total membership strength and three women Directors.
- III. The composition of the Board also includes representatives of the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI) and the Life Insurance Corporation of India, the Bank's promoters. The following members constitute the Board:

Sanjiv Misra	Chairman, Promoter - Nominee of SUUTI
Shikha Sharma	Managing Director & CEO
K. N. Prithviraj	Promoter - Nominee of SUUTI
V. R. Kaundinya	Independent
Prasad R. Menon	Independent
Samir K. Barua	Independent
Som Mittal	Independent
Ireena Vittal	Independent
Rohit Bhagat	Independent
Usha Sangwan	Promoter - Nominee of the Life Insurance Corporation of India
S. Vishvanathan	Independent
V. Srinivasan	Executive Director and Head (Corporate Banking)
Sanjeev K. Gupta	Executive Director (Corporate Centre) and Chief Financial Officer

The role of the Board is to provide effective guidance and oversight to the management of the Bank so that it delivers enduring sustainable value, is fully compliant with extant laws and regulations and consistently functions in an ethical and efficient manner. The duties and responsibilities of the Board are as stipulated by the Companies Act, 2013 and the Rules made thereunder, Banking Regulation Act, 1949, the Memorandum and Articles of Association of the Bank, revised Clause 49 of the Listing Agreement and other applicable laws.

The responsibilities of the Board include overseeing the functioning of the Bank, monitoring legal, statutory compliance, internal controls and management of risks on the basis of information provided to it. The Board is responsible for approving the strategic direction, plans and priorities of the Bank, monitoring corporate performance against strategic business plans, including overseeing operating results on a regular basis to evaluate whether the business is being properly managed, overseeing the Bank's Corporate Governance framework and supervising the succession planning process of the Bank for its Managing Director & CEO and Whole Time Directors etc.

In all, 7 meetings of the Board were held during the year 2014-15, i.e. on 25<sup>th</sup> April 2014, 26<sup>th</sup> April 2014, 27<sup>th</sup> June 2014, 22<sup>nd</sup> July 2014, 21<sup>st</sup> August 2014, 17<sup>th</sup> October 2014 and 16<sup>th</sup> January 2015.

The details of the Board meetings attended by the Directors during the year 2014-15 are given below:

<b>Name of Director</b>	<b>Scheduled number of meetings – 7</b>	<b>Attendance at 20<sup>th</sup> AGM</b>
Sanjiv Misra <sup>(§)</sup>	5/7	Yes
Shikha Sharma	7/7	Yes
K. N. Prithviraj	7/7	Yes
V. R. Kaundinya	7/7	Yes
S. B. Mathur <sup>(&amp;)</sup>	4/5	Yes
Prasad R. Menon	7/7	Yes
R. N. Bhattacharyya <sup>(%)</sup>	3/3	Yes
Samir K. Barua	7/7	Yes
Som Mittal	7/7	Yes
Ireena Vittal	5/7	No
Rohit Bhagat	6/7	Yes
Usha Sangwan	6/7	Yes
S. Vishvanathan <sup>(#)</sup>	0/0	N.A.
Somnath Sengupta <sup>(@)</sup>	5/5	Yes
V. Srinivasan	7/7	Yes
Sanjeev K. Gupta <sup>(*)</sup>	2/2	N.A.

<sup>§</sup> Absent from two Board meetings due to ill-health

<sup>&</sup> Stepped down from the Board on 30<sup>th</sup> September 2014

<sup>%</sup> Stepped down from the Board on 28<sup>th</sup> June 2014

<sup>#</sup> Joined the Board on 11<sup>th</sup> February 2015

<sup>@</sup> Stepped down from the Board on 1<sup>st</sup> September 2014

<sup>\*</sup> Joined the Board on 4<sup>th</sup> September 2014

The details of directorship, membership and chairmanship in other companies for each Director of the Bank as on 31<sup>st</sup> March 2015, are as follows:

<b>Name of Director</b>	<b>Number of Other directorship of other Indian Public Limited Companies</b>	<b>Number of Other directorship of other Companies<sup>(1)</sup></b>	<b>Number of Committee memberships in other Companies<sup>(2)</sup></b>
Sanjiv Misra	3	-	2(1)
Shikha Sharma	2	-	-
K. N. Prithviraj	6	2	5(1)
V. R. Kaundinya	3	2	-
Prasad R. Menon	7	2	3(1)
Samir K. Barua	5	-	5(1)
Som Mittal	1	3	1
Ireena Vittal	7	1	6
Rohit Bhagat	-	1	-
S. Vishvanathan	-	-	-
Usha Sangwan	2	2	-
V. Srinivasan	4	2	3(1)
Sanjeev K. Gupta	-	1	-

<sup>(1)</sup> Includes foreign companies, private limited companies and Section 8 companies

<sup>(2)</sup> Includes only memberships of the Audit Committee and Stakeholders Relationship Committee in public limited companies

Figures in brackets indicate number of Committee Chairmanships as per revised Clause 49 of the Listing Agreement.

The Directors of the Bank have represented that they are in compliance with the norms relating to limit on number of independent directorships in other listed companies, as applicable.

The business of the Board is also conducted through the following Committees constituted by the Board to deal with specific matters as per delegated powers for different functional areas of the Bank:

**(a) Committee of Directors**

The Committee of Directors of the Board of Directors of the Bank exercises powers delegated to it by the Board relating to loans, credit policy, credit portfolio, monitoring of exposures (both credit and investment), expenditures, investment, branch expansion, compliance with the statutory and regulatory framework, proposals relating to the Bank's operations covering all its departments and business segments, and important issues relating to the day to day affairs of the Bank and to recommend such steps as may be deemed necessary for the smooth functioning of the Bank.

The Committee of Directors also exercises functions relating to all routine matters other than the strategic matters and review of all policies (other than strategic policies), like Credit Policy, Investment Policy and other policies which the Committee of Directors may consider necessary or which the Reserve Bank of India (RBI) may specifically require to be reviewed by the Board.

In all, 9 meetings of the Committee of Directors were held during the year 2014-15 on 5<sup>th</sup> June 2014, 26<sup>th</sup> June 2014, 5<sup>th</sup> August 2014, 23<sup>rd</sup> September 2014, 21<sup>st</sup> November 2014, 24<sup>th</sup> December 2014, 27<sup>th</sup> January 2015, 27<sup>th</sup> February 2015 and 20<sup>th</sup> March 2015. The details of the Committee meetings attended by the Directors during the year 2014-15 are given below:

<b>Committee members</b>	<b>Scheduled number of meetings - 9</b>
K. N. Prithviraj, Chairman	9/9
Shikha Sharma	6/9
S. B. Mathur <sup>&amp;</sup>	4/4
Prasad R. Menon	6/9
R. N. Bhattacharyya <sup>%</sup>	2/2
S. Vishvanathan <sup>#</sup>	1/2
Somnath Sengupta <sup>@</sup>	3/3
V. Srinivasan	8/9
Sanjeev K. Gupta <sup>\$</sup>	4/5

& Stepped down from the Board on 30<sup>th</sup> September 2014

% Stepped down from the Board on 28<sup>th</sup> June 2014

# Joined the Committee on 11<sup>th</sup> February 2015

@ Stepped down from the Board on 1<sup>st</sup> September 2014

\$ Joined the Committee on 17<sup>th</sup> October 2014

**(b) Audit Committee**

The Audit Committee of the Board of Directors of the Bank functions with the following main objectives:

- To provide direction and to oversee the operation of the audit function.
- To review the internal audit system with special emphasis on its quality and effectiveness.
- To review internal and concurrent audit reports of large branches with a focus on all major areas of housekeeping, particularly inter-branch adjustment accounts, arrears in the balancing of the books, un-reconciled entries in inter-bank accounts and frauds.

- iv. To discuss the matters related to frauds.
- v. To discuss and follow up for the audit observations relating to Long Form Audit Report.
- vi. To discuss and follow up for the observations relating to Inspection Report/Risk Assessment Report of the RBI.
- vii. To review the system of appointment of concurrent auditors and external auditors.
- viii. Oversight on the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ix. To recommend to the Board, the appointment, re-appointment, remuneration and terms of appointment of the auditors of the Bank.
- x. To approve payments to statutory auditors for any other services rendered by them.
- xi. To review, with the management, the annual financial statements and auditor's report thereon before submission to the Board for its approval with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement in the Board's report in terms of Section 134 (5) of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices, and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- xii. To review, with the management, the quarterly financial statements before submission to the Board for its approval.
- xiii. To review, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board for taking steps in the matter.
- xiv. To review with the management, performance and independence of statutory and internal auditors, adequacy of the internal control systems and effectiveness of audit process.
- xv. To obtain and review quarterly/half-yearly reports of the Compliance Officer appointed by the Bank, in terms of RBI instructions.
- xvi. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- xvii. To discuss with Chief Audit Executive/Internal Auditors any significant audit findings and follow up thereon.
- xviii. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- xix. To discuss with Statutory Auditors, before the commencement of audit, the nature and scope of audit as also conduct post-audit discussion to ascertain any area of concern.
- xx. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xxi. To review functioning of the Whistle Blower-cum-Vigil Mechanism.
- xxii. To approve the appointment of the Chief Financial Officer before finalisation of the same by the management. The Audit Committee, while approving the appointment, shall assess the qualifications, experience and background, etc. of the candidate.
- xxiii. To review and note the appointment, removal and terms of remuneration of the Chief Audit Executive and/or any change in the incumbent Chief Audit Executive along with the reasons for such change.
- xxiv. Approval or any subsequent modification of transactions of the Bank with related parties.
- xxv. Scrutiny of inter-corporate loans and investments which are not in the ordinary course of business.
- xxvi. Evaluation of internal financial controls and risk management system.
- xxvii. Valuation of undertakings or assets of the company, wherever it is necessary.
- xxviii. Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

The Committee discussed with the statutory auditors, the key highlights of the quarterly and annual financial results of the Bank, before recommending the same to the Board of Directors of the Bank for its approval.

In all, 11 meetings of the Audit Committee were held during the year 2014-15 on 4<sup>th</sup> April 2014, 25<sup>th</sup> April 2014, 26<sup>th</sup> June 2014, 22<sup>nd</sup> July 2014, 5<sup>th</sup> August 2014, 23<sup>rd</sup> September 2014, 17<sup>th</sup> October 2014, 21<sup>st</sup> November 2014, 23<sup>rd</sup> December 2014, 15<sup>th</sup> January 2015 and 20<sup>th</sup> March 2015. The details of the Audit Committee meetings attended by the Directors during the year 2014-15, are given below:

Committee members	Scheduled number of meetings - 11
Samir K. Barua, Chairman	11/11
K. N. Prithviraj	11/11
S. B. Mathur <sup>&amp;</sup>	6/6
V. R. Kaundinya	10/11
S. Vishvanathan <sup>#</sup>	0/1

<sup>&</sup> Stepped down from the Board on 30<sup>th</sup> September 2014

<sup>#</sup> Joined the Committee on 11<sup>th</sup> February 2015

Shri S. B. Mathur, then Chairman of the Audit Committee had attended the 20<sup>th</sup> Annual General Meeting of the shareholders of the Bank.

### (c) Risk Management Committee

The Risk Management Committee of the Board of Directors of the Bank functions with the following main objectives:

- i. To perform the role of risk management in pursuance of the Risk Management Guidelines issued periodically by RBI and the Board.
- ii. To oversee and advise to the Board on:
  - Defining risk appetite, tolerance thereof and review the same, as appropriate.
  - Systems of risk management framework, internal control and compliance to identify, measure, aggregate, control and report key risks.

- Alignment of business strategy with the Board's risk appetite; and
  - Maintenance and development of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact on the whole organisation of their actions and decisions.
- iii. To advise the Board on all high level risk matters.
  - iv. To obtain regular risk management reports from management which enable the Committee to assess the risks involved in the Bank's business and how they are controlled and monitored by management, and give clear focus to current and forward-looking aspects of risk exposure.
  - v. To review the effectiveness of the Bank's internal control and risk management framework, in relation to its core strategic objectives and to seek such assurance as may be appropriate.
  - vi. To review the Asset Liability Management (ALM) of the Bank on a regular basis.
  - vii. To consider any major regulatory issues that may have bearing on the risks and risk appetite of the Bank.
  - viii. To provide to the Board with such additional assurance as it may require regarding the quality of risk information submitted to it.
  - ix. To decide the policy and strategy for integrated risk management containing various risk exposures of the Bank including the credit, market, liquidity, operational and reputation risk; and
  - x. To review risk return profile of the Bank, capital adequacy based on the risk profile of the Bank's balance sheet, Basel implementation, assessment of Pillar II risk under Internal Capital Adequacy Assessment Process (ICAAP), business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures.

In all, 4 meetings of the Risk Management Committee were held during the year 2014-15 on 4<sup>th</sup> April 2014, 23<sup>rd</sup> July 2014, 18<sup>th</sup> October 2014 and 15<sup>th</sup> January 2015. The details of the Risk Management Committee meetings attended by the Directors during the year 2014-15, are given below:

<b>Committee members</b>	<b>Scheduled number of meetings - 4</b>
Samir K. Barua, Chairman	4/4
Sanjiv Misra	4/4
Shikha Sharma	4/4
K. N. Prithviraj	4/4
Ireena Vittal	2/4
Rohit Bhagat <sup>#</sup>	2/2

<sup>#</sup> Joined the Committee on 21<sup>st</sup> August 2014

**(d) Stakeholders Relationship Committee (erstwhile Shareholders/Investors Grievance Committee)**

The primary objective of the Stakeholders Relationship Committee of the Board of Directors of the Bank is to look into the redressal of grievances of security holders of the Bank, inter alia relating to non-receipt of dividend/interest, refund order/redemption, transfer/transmission, non-receipt of annual report and other grievances.

In all, 4 meetings of the Stakeholders Relationship Committee were held during the year 2014-15 on 5<sup>th</sup> June 2014, 5<sup>th</sup> August 2014, 21<sup>st</sup> November 2014 and 30<sup>th</sup> January 2015. The details of the Stakeholders Relationship Committee meetings attended by the Directors during the year 2014-15, are given below:

Committee members	Scheduled number of meetings - 4
V. R. Kaundinya, Chairman <sup>(#)</sup>	2/2
S. B. Mathur <sup>(&amp;)</sup>	2/2
R. N. Bhattacharyya <sup>(%)</sup>	1/1
Somnath Sengupta <sup>(@)</sup>	2/2
V. Srinivasan <sup>(#)</sup>	2/2
Sanjeev K. Gupta <sup>(\$)</sup>	2/2

# Joined the Committee on 1<sup>st</sup> October 2014

& Stepped down from the Board on 30<sup>th</sup> September 2014

% Stepped down from the Board on 28<sup>th</sup> June 2014

@ Stepped down from the Board on 1<sup>st</sup> September 2014

\$ Joined the Committee on 17<sup>th</sup> October 2014

The details of the status of the references/complaints received by the Bank and its redressal during the year 2014-15, are given below:

Nature of Reference/Complaints	Received	Disposed Off	Pending
Change of Address	543	543	—
Bank Mandates	78	78	—
ECS	323	323	—
Nomination	24	24	—
Non-receipt of Share Certificates	20	20	—
Clarification for stock split Share Certificate	176	176	—
Correction of names	12	12	—
Non-receipt of Annual Report	45	45	—
Request for physical copy of Annual Report	133	133	—
SEBI	11	11	—
NSDL/CDSL	0	0	—
Stock Exchange	8	8	—
Receipt of dividend warrant for revalidation	267	267	—
Non-receipt of Dividend	291	291	—
Dividend warrant response received for RUD/IEPF reminder letter	607	607	—
Transfer of Shares/Transmission & Deletion of Name	769	769	—

Shri Sanjeev Kapoor, Company Secretary, is the Compliance Officer for SEBI/Stock Exchange related issues.

#### (e) Nomination and Remuneration Committee

Hitherto, the Bank had constituted separate committees addressing the HR/Remuneration and Nomination/ Governance process of the Bank. In view of provisions of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, which provided for a single Nomination & Remuneration Committee, it was decided to merge the HR and Remuneration Committee of the Board and the Nomination Committee of the Board into a single committee to be called as Nomination and Remuneration Committee of the Board of Directors. The said Committee was constituted with effect from 21<sup>st</sup> August 2014 to function with the following main objectives:

##### For Nomination/Governance matters

- To review the structure, size, composition, diversity of the Board and make necessary recommendations to the Board with regard to any changes as necessary and formulation of policy thereon.

- ii. To evaluate the skills that exist and those that are absent but needed at the Board level and search for appropriate candidates who have the profile to provide such skill sets.
- iii. To examine vacancies that will come up at the Board on account of retirement or otherwise and suggest course of action.
- iv. To advise criteria for evaluation of Independent Directors and the Board and carry out evaluation of every directors' performance.
- v. To undertake a process of due diligence to determine the suitability of any person for appointment/ continuing to hold appointment as a Director on the Board, based upon qualification, expertise, track record, integrity other 'fit and proper' criteria, positive attributes and independence (if applicable) and formulate the criteria relating thereto.
- vi. To review the composition of Committees of the Board and identify and recommend to the Board of Directors who can best serve as members of each Board Committee.

#### **For Remuneration/HR matters**

- i. To review and recommend to the Board for approval, the appointment of Managing Director & CEO and the other Whole Time Directors of the Bank and the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors and Key Managerial Personnel), the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & Chief Executive Officer (MD & CEO), other Whole Time Directors and Senior Managers one level below the Board.
- ii. To review and recommend for the approval of the Board the total increase in manpower cost budget of the Bank at an aggregate level, for the next year.
- iii. To recommend to the Board the compensation payable to the Chairman of the Bank.
- iv. To review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank as well as any fundamental changes in organisation structure which could have wide ranging or high risk implications.
- v. To review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other Whole Time Directors, Senior Managers one level below the Board and other key roles and their progression to the Board.
- vi. To review and recommend to the Board for approval:
  - The creation of new positions one level below MD & CEO
  - Appointments, promotions and exits of Senior Managers one level below the MD & CEO
- vii. To set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, the other Whole Time Directors for the financial year and over the medium to long term.
- viii. To review the performance of the MD & CEO and the other Whole Time Directors at the end of each year.
- ix. To review organisation health through feedback from employee surveys conducted on a regular basis.
- x. To perform such other duties as may be required to be done under any law, statute, rules, regulations, etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.



In all, 4 meetings of the Nomination and Remuneration Committee of the Board of Directors were held during the year 2014-15 on 17<sup>th</sup> October 2014, 24<sup>th</sup> December 2014, 15<sup>th</sup> January 2015 and 20<sup>th</sup> March 2015. The details of the Committee meetings attended by the Directors during the year 2014-15, are given below:

<b>Committee members</b>	<b>Scheduled number of meetings - 4</b>
Prasad R. Menon, Chairman	4/4
K. N. Prithiviraj	4/4
V. R. Kaundinya	4/4
Samir K. Barua	4/4

In all, 4 meetings of erstwhile HR and Remuneration Committee of the Board of Directors were held during the year 2014-15 on 4<sup>th</sup> April 2014, 25<sup>th</sup> April 2014, 10<sup>th</sup> June 2014 and 26<sup>th</sup> June 2014. The details of the Committee meetings attended by the Directors during the year 2014-15, are given below:

<b>Committee members</b>	<b>Scheduled number of meetings - 4</b>
Prasad R. Menon, Chairman	4/4
K. N. Prithiviraj	4/4
V. R. Kaundinya	4/4
Samir K. Barua	3/4

In all, 4 meetings of erstwhile Nomination Committee of the Board of Directors were held during the year 2014-15 on 25<sup>th</sup> April 2014, 27<sup>th</sup> June 2014, 6<sup>th</sup> August 2014 and 21<sup>st</sup> August 2014. The details of the Committee meetings attended by the Directors during the year 2014-15, are given below:

<b>Committee members</b>	<b>Scheduled number of meetings - 4</b>
S. B. Mathur, Chairman	4/4
V. R. Kaundinya	4/4
Samir K. Barua	4/4

Shri S. B. Mathur, then Chairman of the Nomination Committee attended the 20<sup>th</sup> Annual General Meeting of the Shareholders of the Bank.

**(f) Special Committee of the Board of Directors for Monitoring of Large Value Frauds**

The major functions of the Special Committee of the Board of Directors for Monitoring of Large Value Frauds of the Bank are to monitor and review all the frauds of ₹1 crore and above, so as to:

- i. To identify the systemic lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same.
- ii. To identify the reasons for delay, if any, in detection and reporting of frauds to top management of the Bank and RBI.
- iii. To monitor progress of CBI/Police investigation and recovery position.
- iv. To ensure that staff accountability is examined at all levels in all the cases of frauds and staff related action, if required, is completed quickly without loss of time.
- v. To review the efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls, and
- vi. To put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

In all, 4 meetings of Special Committee of the Board of Directors for Monitoring of Large Value Frauds were held during the year 2014-15 on 26<sup>th</sup> June 2014, 23<sup>rd</sup> September 2014, 24<sup>th</sup> December 2014 and 19<sup>th</sup> March 2015. The details of the Committee meetings attended by the Directors during the year 2014-15, are given below:

<b>Committee members</b>	<b>Scheduled number of meetings - 4</b>
Shikha Sharma, Chairperson	3/4
V. R. Kaundinya	3/4
R. N. Bhattacharyya <sup>(&amp;)</sup>	1/1
Samir K. Barua	4/4
Usha Sangwan <sup>(#)</sup>	0/3
Sanjeev K. Gupta <sup>(\$)</sup>	2/2

& Stepped down from the Board on 28<sup>th</sup> June 2014

# Joined the Committee on 21<sup>st</sup> August 2014

\$ Joined the Committee on 17<sup>th</sup> October 2014

#### **(g) Customer Service Committee**

The Customer Service Committee of the Board of Directors of the Bank functions with the following main objectives:

- i. To oversee the functioning of the Bank's internal committee set-up for customer service.
- ii. To review the level of customer service in the Bank including customer complaints and the nature of their resolution.
- iii. To provide guidance in improving the customer service level.
- iv. To review any award by the Banking Ombudsman to any customer on a complaint filed with the Ombudsman.
- v. To ensure that the Bank provides and continues to provide, best-in-class service across all its category of customers which will help the Bank in protecting and growing its brand equity.
- vi. The Committee could address the formulation of a Comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor for operations of his/her account, the product approval process, the annual survey of depositor satisfaction and the triennial audit of such services.
- vii. To examine any other issues having a bearing on the quality of customer service rendered.
- viii. To ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.

In all, 4 meetings of the Customer Service Committee of the Board of Directors were held during the year 2014-15 on 26<sup>th</sup> June 2014, 22<sup>nd</sup> July 2014, 17<sup>th</sup> October 2014 and 23<sup>rd</sup> February 2015. The details of the Committee meetings attended by the Directors during the year 2014-15, are given below:

<b>Committee members</b>	<b>Scheduled number of meetings - 4</b>
Ireena Vittal, Chairperson	3/4
Sanjiv Misra <sup>(&amp;)</sup>	3/3
Shikha Sharma	4/4
Samir K. Barua	4/4

& Stepped down from the Committee on 11<sup>th</sup> February 2015

#### (h) Committee of Whole-Time Directors

The Committee of Whole-Time Directors of the Board of Directors of the Bank exercises powers delegated to it by the Board, for managing the affairs of the Bank, to review and exercising control of various operational areas such as treasury, branch banking etc., and for ensuring speedy disposal of matters requiring immediate approval.

The Committee comprises of all the Whole-Time Directors of the Bank.

#### (i) Acquisitions, Divestments and Mergers Committee

The main function of the Acquisitions, Divestments and Mergers Committee of the Board of Directors of the Bank is to discuss and consider any idea or proposal for merger and acquisition. This Committee will consider and give its in-principle approval for acquisition of greater than 25% stake in a company, acquisition of stake in a company where the proportion is 25% or lower but where the Bank intends to have management participation, strategic divestments - sale of an existing business of the Bank, acquisition of business – business takeover/acquisition as distinct from portfolio or asset purchase and sale of stake (including minority stake) in strategic investments/ subsidiaries.

One meeting of the Acquisitions, Divestments and Mergers Committee was held during the year 2014-15 on 24<sup>th</sup> December 2014. The details of the Committee meeting attended by the Directors during the year 2014-15, are given below:

Committee members	Scheduled number of meetings - 1
Prasad R. Menon, Chairman	1/1
Shikha Sharma	0/1
K. N. Prithviraj	1/1
Ireena Vittal	0/1

#### (j) IT Strategy Committee

The IT Strategy Committee of the Board of Directors of the Bank functions with the following main objectives:

- i. To approve IT strategy and policies.
- ii. To ensure that management has an effective strategic planning process in place.
- iii. To ensure that the business strategy is aligned with the IT strategy.
- iv. To ensure that the IT organizational structure serves business requirements and direction.
- v. Oversight over implementation of processes and practices that ensures IT delivers value to businesses.
- vi. To monitor the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing, and use of IT resources.
- vii. To ensure proper balance of IT investments for sustaining the Bank's growth.
- viii. To assess exposure to IT risks and its controls, and evaluating effectiveness of management's monitoring of IT risks.
- ix. To assess management's performance in implementing IT strategies.
- x. To assess if IT architecture has been designed to derive maximum business value.
- xi. To review IT performance measurement and contribution to businesses.
- xii. To approve capital and revenue expenditure in respect of IT procurements.

In all, 4 meetings of IT Strategy Committee of the Board of Directors were held during the year 2014-15 on 10<sup>th</sup> June 2014, 16<sup>th</sup> September 2014, 22<sup>nd</sup> December 2014 and 31<sup>st</sup> March 2015. The details of the Committee meetings attended by the Directors during the year 2014-15, are given below:

Committee members	Scheduled number of meetings - 4
Som Mittal, Chairman <sup>(&amp;)</sup>	4/4
Shikha Sharma	2/4
Prasad R. Menon	4/4
Somnath Sengupta <sup>(\$)</sup>	1/1
Sanjeev K. Gupta <sup>(%)</sup>	2/2

& attended meeting through video conferencing

\$ Stepped down from the Board on 1<sup>st</sup> September 2014

% Joined the Committee on 17<sup>th</sup> October 2014

#### (k) Corporate Social Responsibility Committee

The main functions of the Corporate Social Responsibility Committee of the Board of Directors of the Bank are as follows:

- To formulate and recommend to the Board, the Corporate Social Responsibility (CSR) strategy of the Bank including the CSR Policy and its implementation such that the Bank's social, environmental and economic activities are aligned.
- To formulate and recommend to the Board, the CSR activities to be undertaken by the Bank either directly or through Axis Bank Foundation and determining the CSR projects/programmes which the Bank plans to undertake during the year of implementation, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.
- To recommend the amount of expenditure to be incurred on the CSR activities.
- To review and monitor the compliance of initiatives undertaken and evaluate performance of the activities against the agreed targets.
- To conduct an impact-assessment of the various initiatives undertaken in terms of the CSR Policy at periodic intervals.
- To institute a transparent monitoring mechanism for ensuring implementation of the projects/programmes/activities proposed to be undertaken by the Bank.
- To review and recommend the annual CSR report for the Board's approval and for public disclosure.
- To perform such other duties with respect to CSR activities, as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

The details of the CSR activities undertaken by the Bank during the year under review have been provided elsewhere in this Annual Report.

In all, 2 meetings of Corporate Social Responsibility Committee of the Board of Directors were held during the year 2014-15 on 26<sup>th</sup> June 2014 and 22<sup>nd</sup> December 2014. The details of the Committee meetings attended by the Directors during the year 2014-15, are given below:

Committee members	Scheduled number of meetings - 2
Som Mittal, Chairman	2/2
Somnath Sengupta <sup>(&amp;)</sup>	1/1
Usha Sangwan	1/2
V. Srinivasan <sup>(\$)</sup>	0/1

& Stepped down from the Board on 1<sup>st</sup> September 2014

\$ Joined the Committee on 21<sup>st</sup> August 2014

## **(I) Grievance Redressal Committee**

The Grievance Redressal Committee of the Board of Directors of the Bank functions with the following main objectives:

- i. To review and confirm the decisions of Committee headed by Executive Director, classifying a borrower as Willful Defaulter.
- ii. To review and confirm the decisions of Committee headed by Executive Director, classifying a borrower as Non-cooperative borrower.

The Board has constituted a Grievance Redressal Committee which comprises of Smt. Shikha Sharma, Shri V. R. Kaundinya and Shri S. Vishvanathan. Smt. Shikha Sharma, MD & CEO is the Chairperson of the Committee.

No meeting of the Committee was held during the year.

## **Meeting of Independent Directors**

The Independent Directors of the Bank met on 31<sup>st</sup> March 2015 without the presence of the MD & CEO, the Whole-time Directors, the non-independent Directors and the Management Team of the Bank. 5 out of the 7 Independent Directors attended the said meeting in person, while two Independent Directors participated through video conference. The Independent Directors discussed the matters as required under the relevant provisions of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement and conveyed their views to the Board of Directors of the Bank.

## **Remuneration Policy**

The compensation philosophy of the Bank aims to attract, retain and motivate professionals in order to enable the Bank to attain its strategic objectives and develop a strong performance culture in the competitive environment in which it operates. To achieve this, the Bank follows the principles of competitiveness in the talent market, pay for job through fixed pay, pay for performance to drive meritocracy through variable pay, employee stock options for long-term value creation and aligning the benefits and perquisites with market practices and affordability. The compensation structure for the MD & CEO, Whole-Time Directors (WTDs) and employees at the level of Vice President and above in Risk Control and Compliance functions of the Bank, is aligned to RBI's guidelines for sound compensation practices. It addresses the general principles of effective and independent governance and monitoring of compensation, alignment of compensation with prudence in risk-taking through well designed and consistent compensation structures and clear and timely disclosure for facilitating supervisory oversight by all stakeholders.

## **Remuneration of Directors**

- i. Dr. Sanjiv Misra was appointed as Non-Executive Chairman of the Bank for a period of three years w.e.f. 8<sup>th</sup> March 2013. The details of remuneration of Dr. Sanjiv Misra during the year under review are:

Salary of ₹25 lacs per annum. The Bank has received approval of RBI and of the shareholders for payment of the said salary to Dr. Sanjiv Misra.

- ii. Smt. Shikha Sharma was re-appointed as the MD & CEO of the Bank for a period of three years w.e.f. 1<sup>st</sup> June 2012. During the year, the Bank has made an application to RBI for re-appointment of Smt. Shikha Sharma as MD & CEO of the Bank for a further period of three years w.e.f 1<sup>st</sup> June 2015. The said re-appointment is subject to the approval of RBI and shareholders of the Bank. The details of remuneration paid to Smt. Shikha Sharma during the year under review are given below in sub-para viii.

Smt. Shikha Sharma was granted 55,00,000 options, under various tranches under the Employee Stock Option Plan. From the above, 32,75,000 options were vested, out of which 13,25,000 options have been exercised up to 31<sup>st</sup> March 2015 and balance 19,50,000 options remain unexercised. 22,25,000 options have not been vested as on 31<sup>st</sup> March 2015.

- iii. Shri Somnath Sengupta was appointed as the Executive Director of the Bank and he took charge with effect from 15<sup>th</sup> October 2012. The term of Shri Somnath Sengupta was up to 31<sup>st</sup> May 2015, the last day of the month in which he would reach the age of superannuation. Shri Somnath Sengupta retired as the Executive

Director of the Bank with effect from 1<sup>st</sup> September 2014. The details of remuneration paid to Shri Somnath Sengupta during the year under review are given below in sub-para viii.

Shri Somnath Sengupta was granted 30,19,400 options, under various tranches under the Employee Stock Option Plan. From the above, 19,99,400 options were vested, out of which 10,79,400 options have been exercised up to 1<sup>st</sup> September 2014 and balance 9,20,000 options remain unexercised. 10,20,000 options were unvested as on 1<sup>st</sup> September 2014.

- iv. Shri V. Srinivasan was appointed as the Executive Director of the Bank and he took charge with effect from 15<sup>th</sup> October 2012. The term of Shri V. Srinivasan is for a period of three years i.e. up to 14<sup>th</sup> October 2015. The details of remuneration paid to Shri V. Srinivasan during the year under review are given below in sub-para viii.

Shri V. Srinivasan was granted 25,75,000 options, under various tranches under the Employee Stock Option Plan. From the above, 14,30,000 options were vested, out of which 4,87,500 options have been exercised up to 31<sup>st</sup> March 2015 and balance 9,42,500 options remain unexercised. 11,45,000 options have not been vested as on 31<sup>st</sup> March 2015.

- v. Shri Sanjeev K. Gupta was appointed as the Executive Director of the Bank and he took charge with effect from 4<sup>th</sup> September 2014. The term of Shri Sanjeev K. Gupta is for a period of three years i.e. up to 3<sup>rd</sup> September 2017. The details of remuneration paid to Shri Sanjeev K. Gupta during the year under review are given below in sub-para viii.

Shri Sanjeev K. Gupta was granted 12,40,250 options, under various tranches under the Employee Stock Option Plan. From these tranches, 8,55,250 options were vested, out of which 6,05,250 options were exercised up to 31<sup>st</sup> March 2015 and balance 2,50,000 options were unexercised. 3,85,000 options have not been vested as on 31<sup>st</sup> March 2015.

- vi. The Bank does not grant Stock Options to its non Whole-Time Directors. Further, the Bank does not pay any remuneration, other than sitting fees to its non Whole-Time Directors.
- vii. The Whole-Time Directors of the Bank are not entitled to any remuneration from its subsidiary companies.
- viii. The details of remuneration paid to the Whole-Time Directors of the Bank during the year 2014-15 are as under:

(in ₹)

	<b>Smt. Shikha Sharma</b>	<b>Shri Somnath Sengupta</b>	<b>Shri V. Srinivasan</b>	<b>Shri Sanjeev K. Gupta</b>
For the Period	1.4.2014 to 31.3.2015	1.4.2014 to 1.9.2014	1.4.2014 to 31.3.2015	4.9.2014 to 31.3.2015
Salary (Basic)	2,21,71,080	56,25,723	1,54,66,320	51,37,858
Fixed Allowance	-	-	-	27,322
Leave Fare Concession facility	12,26,500	2,29,165	5,49,996	3,18,950
House Rent Allowance	74,05,290	-	7,22,042	19,55,302
Variable pay	67,53,265	64,57,013	42,63,801	-
Medical	78,999	1,84,071	56,481	69,637
Utility Reimbursement	-	55,000	4,37,492	11,230
Superannuation/ Allowance	10% of Basic Pay	10% of Basic Pay	15,46,632	10% of Basic Pay
Provident Fund	12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees, from time to time			
Gratuity	One month's salary for each completed year of service or part thereof (on pro-rata basis)			

Perquisites (evaluated as per Income Tax Rules, 1962 wherever applicable, or otherwise at actual cost to the Bank) such as the benefit of the Bank's furnished accommodation, electricity, water and furnishings, club fees, personal accident insurance, loans, use of car and telephone at residence, leave encashment, medical

reimbursement, travelling and halting allowances, newspapers and periodicals, and others were provided in accordance with the Rules of the Bank. The Bank does not pay any severance fees to its Managing Director or its Whole Time Directors.

- ix. All the non Whole-Time Directors of the Bank were paid sitting fees of ₹20,000 for every meeting of the Board and also for every meeting of the Committees of Board of Directors attended by them. However, with effect from 1<sup>st</sup> July 2014, the sitting fees paid to the non Whole-Time Directors for attending every meeting of the Board was revised to ₹1,00,000 and for attending every meeting of the Committees of Board of Directors was revised to ₹50,000. During the year 2014-15, an amount aggregating to ₹1,01,06,000 was paid to the non Whole-Time Directors of the Bank, towards sittings fees, detailed as under.

<b>Name of Director</b>	<b>Sitting Fees (₹)</b>
Dr. Sanjiv Misra	7,10,000
Shri K. N. Prithviraj	18,10,000
Shri V. R. Kaundinya	15,60,000
Shri S. B. Mathur	8,00,000
Shri Prasad R. Menon	12,30,000
Shri R N Bhattacharyya	1,40,000
Prof. Samir K. Barua	18,30,000
Shri Som Mittal	7,00,000
Smt. Ireena Vittal	5,60,000
Shri Rohit Bhagat	4,60,000
Smt. Usha Sangwan	3,10,000
Shri S. Vishvanathan	50,000
<b>TOTAL</b>	<b>1,01,60,000</b>

None of the non Whole-Time Directors of the Bank hold any equity shares of the Bank as on 31<sup>st</sup> March 2015, except Shri V. R. Kaundinya, who holds 5,000 equity shares of ₹2 each of the Bank.

#### **Evaluation of the Board's Performance**

Pursuant to the provisions of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, the Board had adopted a formal mechanism for evaluating the performance of its Committees, Independent Directors, Non Independent Directors including Chairman of the Board. A structured questionnaire was prepared after taking into consideration inter-alia the inputs received from the Directors. The structured questionnaire covered various aspects of the Board's functioning such as strategic alignment and direction, engagement alignment, composition and structure, dynamics and culture, ethical leadership and corporate citizenship, support to the Board, Committees evaluation and self-evaluation etc.

The performance evaluation of individual Directors including Chairman of the Board was done in accordance with the provisions of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement and also based on the structured questionnaire mentioned above.

#### **Familiarisation Program for Directors**

The Bank has conducted the familiarisation programme for all its Directors covering the matters as specified under revised Clause 49 of the Listing Agreement, details of which has been hosted on the website of the Bank at <http://www.axisbank.com/investor-corner/corporate-governance.aspx>

### **Disclosure in terms of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Bank takes all necessary measures to ensure a harassment-free workplace and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment. During the year, the Bank has received 34 complaints relating to sexual harassment out of which 28 complaints have been disposed off and balance 6 complaints are being investigated.

### **Whistleblower Policy & Vigil Mechanism**

A central tenet in the Bank's Policy on Corporate Governance is commitment to ethics, integrity, accountability and transparency. To ensure that the highest standards are maintained in these aspects on an on-going basis and to provide safeguards to various stakeholders, the Bank has formulated a Whistleblower Policy and Vigil Mechanism which is in compliance with the relevant provisions of Section 177 of the Companies Act, 2013 and revised Clause 49 (II)(F) of the Listing Agreement. The Policy provides an opportunity to address serious concerns arising from irregularities, malpractices and other misdemeanors committed by the Bank's personnel by approaching a Committee set-up for the purpose (known as the Whistleblower Committee). In case, Senior Management commits an offence, the Policy enables the Bank's staff to report the concerns directly to the Audit Committee of the Board. The Policy is intended to encourage reporting of suspected or actual occurrence of illegal, unethical or inappropriate actions, behaviour or practices by staff without fear of retribution. This Policy can be used regularly as a tool to voice concerns on irregularities, malpractices and other misdemeanors. To ensure smooth flow and management of complaints under Whistleblower Policy, a web-based application - 'Corporate Whistleblower' has been set up which also provides an option for anonymous reporting thereby enabling lodging of complaints online over a secure platform without fear of revelation of identity. This would create a business culture of honesty, integrity and compliance and would encourage speaking up so that preventive action is initiated. It is hereby affirmed that the Bank has not denied any of its personnel access to the Audit Committee of the Board and that the Policy contains adequate provisions protecting Whistleblowers from unfair termination and other unfair prejudicial and employment practices. The Audit Committee of the Board reviews, on a quarterly basis, a synopsis of the complaints received and the resolution thereof under the said Policy.

The details of the Whistleblower Policy and Vigil Mechanism are available on the Bank's website at <http://www.axisbank.com/code-commitment-customers.aspx>

### **Subsidiary Companies**

The Bank does not have any unlisted Indian subsidiary company which could be deemed to be material subsidiaries in terms of Explanation (i) to revised Clause 49 (V) of the Listing Agreement. Further, the minutes of the meetings of the unlisted subsidiary companies of the Bank were tabled at the meetings of the Board of Directors of the Bank for its review, Statement of significant transactions/arrangements entered into by the unlisted subsidiary companies were also tabled at the meetings of the Board of Directors of the Bank for its review.

### **Policy for determining 'Material' Subsidiaries**

As required under revised Clause 49(V)(D) of the Listing Agreement, the Bank has formulated and adopted a Policy for Determining 'Material' Subsidiaries, which has been hosted on its website at <http://www.axisbank.com/download/Policy-for-determining-material-subsiidiary.pdf>

### **Policy for Related Party Transactions**

As required under revised Clause 49(VIII) of the Listing Agreement, the Bank has formulated and adopted a Policy on dealing with Related Party Transactions, which has been hosted on its website at <http://www.axisbank.com/download/Policy-on-Related-Party-Transactions.pdf> and details thereof have been disclosed in the Annual Report.



### 3. General Body Meetings

The last three Annual General Meetings of the Members of the Bank were held as follows:

Annual General Meeting	Date and Day	Time	Location
18 <sup>th</sup>	22.06.2012 - Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015
19 <sup>th</sup>	19.07.2013 - Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015
20 <sup>th</sup>	27.06.2014 - Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015

The special resolutions passed during the last three Annual General Meetings/by way of Postal Ballot were as under:

Annual General Meeting	Date of Annual General Meeting	Special Resolutions
18 <sup>th</sup>	22.06.2012	<ul style="list-style-type: none"> <li>Resolution No. 5 - Appointment of Statutory Auditors of the Bank under Section 224A of the Companies Act, 1956.</li> </ul>
Resolution passed through Postal Ballot	Date of Scrutinizer's Report – 28.01.2013	<ul style="list-style-type: none"> <li>Special Resolution for alteration of Articles of Association of the Bank relating to increase in the authorised share capital of the Bank from ₹500 crores to ₹850 crores.</li> <li>Special Resolution for raising of Tier I Capital.</li> </ul>
19 <sup>th</sup>	19.07.2013	<ul style="list-style-type: none"> <li>Resolution No. 6 - Appointment of Statutory Auditors of the Bank under Section 224A of the Companies Act, 1956.</li> <li>Resolution No. 14 - Approval of the shareholders of the Bank pursuant to Section 81 of the Companies Act, 1956 authorising the Board of Directors of the Bank to issue, offer and allot equity stock options under the Employees Stock Option Scheme of the Bank.</li> </ul>
20 <sup>th</sup>	27.06.2014	<ul style="list-style-type: none"> <li>Resolution No.11 - Approval of the shareholders of the Bank for amendment in the exercise period from 3 years to 5 years from the date of vesting of options, in respect of options granted with effect from April, 2014.</li> <li>Resolution No.12 - Approval of the Shareholders of the Bank authorising the Board of Directors of the Bank to borrow money within the limit of ₹1,00,000 crores.</li> <li>Resolution No.13 - Special Resolution for raising Tier I and Tier II Capital and raising capital under MTN Programme.</li> <li>Resolution No.16 - Special Resolution for alteration of Articles of Association of the Bank relating to increase in the authorised share capital of the Bank and sub-division of the equity shares of the Bank.</li> </ul>

## Resolutions passed by way of Postal Ballot

1. The Bank had sought the approval of the Members through Postal Ballot (which included electronic voting) in respect of the Special Resolution under Section 42 of the Companies Act, 2013, for issue of Long Term Bonds/Non-convertible Debentures on a private placement basis. The result of the Postal Ballot was declared on 10<sup>th</sup> October 2014.

The Bank had appointed Shri Atul Mehta/Smt. Dipti Mehta, Partners, (Mehta & Mehta), Company Secretaries (Membership No. P1996MH007500) as the Scrutinizers for conducting the Postal Ballot process in a fair and transparent manner. The Postal Ballot exercise was conducted in accordance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules, 2014. The summary of the results in respect of the said Special Resolution passed by way of Postal Ballot, are as under:

No. of votes in favour	No. of votes against	% of votes in favour	% of votes against
1,55,87,92,943	23,83,457	99.85	0.15

2. The Bank had sought the approval of the Members through Postal Ballot (which included electronic voting) in respect of the ordinary resolutions for appointment of Independent Directors in terms of Section 149 of the Companies Act, 2013 and a special resolution under Section 42 of the Companies Act, 2013, for issuance of Long Term Bonds/Non-Convertible Debentures on a private placement basis, detailed as under:

Resolution No.	Resolution	Ordinary/Special
1	Appointment of Shri V. R. Kaundinya as an Independent Director	Ordinary Resolution
2	Appointment of Shri Prasad R. Menon as an Independent Director	Ordinary Resolution
3	Appointment of Prof. Samir K. Barua as an Independent Director	Ordinary Resolution
4	Appointment of Shri Som Mittal as an Independent Director	Ordinary Resolution
5	Appointment of Smt. Ireena Vittal as an Independent Director	Ordinary Resolution
6	Appointment of Shri Rohit Bhagat as an Independent Director	Ordinary Resolution
7	Issue of Long Term Bonds/Non-convertible Debentures on a private placement basis	Special Resolution

The result of the Postal Ballot was declared on 10<sup>th</sup> March 2015. The Bank had appointed Shri Atul Mehta/Smt. Dipti Mehta/Shri Anshul Kumar Jain, Partners, (Mehta & Mehta), Company Secretaries (Membership No. P1996MH007500) as the Scrutinizers for conducting the Postal Ballot process in a fair and transparent manner. The Postal Ballot exercise was conducted in accordance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules, 2014. The summary of results in respect of the said Ordinary/Special Resolutions passed by way of Postal Ballot, are as under:

Resolution No.	No. of votes in favour	No. of votes against	% of votes in favour	% of votes against
1	1,61,31,39,005	76,71,525	99.53%	0.47%
2	1,61,31,67,565	76,71,080	99.53%	0.47%
3	1,61,31,68,562	76,65,753	99.53%	0.47%
4	1,25,15,41,846	41,25,81,151	75.21%	24.79%
5	1,60,83,69,295	1,23,19,401	99.24%	0.76%
6	1,61,31,41,445	76,70,555	99.53%	0.47%
7	1,61,88,25,394	25,76,343	99.84%	0.16%

#### 4. Dividend History of Last Five Years

Sr. No.	Financial Year	Rate of Dividend	Date of Declaration (AGM)	Date of Payment (Date of Dividend Warrant)
i.	2009-10	120% (₹12.00 per share)	8.6.2010	9.6.2010
ii.	2010-11	140% (₹14.00 per share)	17.6.2011	18.6.2011
iii.	2011-12	160% (₹16.00 per share)	22.6.2012	23.6.2012
iv.	2012-13	180% (₹18.00 per share)	19.7.2013	20.7.2013
v.	2013-14	200% (₹20.00 per share)	27.6.2014	28.6.2014

The above rate of dividend was for the face value of ₹10 each. Pursuant to sub-division, one equity share of the Bank having a face value of ₹10 each has been sub-divided into five equity shares of the Bank having a face value of ₹2 each.

#### Unclaimed Dividends

All those shareholders of the Bank whose dividends are lying unclaimed have been intimated individually to claim their dividends. In terms of Section 205C of the Companies Act, 1956, the concerned shareholder would not be able to claim the dividend amount after it is transferred to the Investors' Education & Protection Fund (IEPF) administered by the Central Government. Accordingly, the concerned shareholders of the Bank have been requested to claim their dividend, failing which no further claim shall lay against the Bank or the IEPF after the said transfer.

#### Transfer to Investor Education and Protection Fund

Pursuant to Section 205C of the Companies Act, 1956, dividends that are lying unclaimed for a period of seven years are required to be transferred to the IEPF administered by the Central Government. Listed below are the dates on which the dividends were declared and paid by the Bank since the financial year 2007-08 and the corresponding dates when the unclaimed dividends are due for transfer to the IEPF.

Year	Dividend-Type	Date of Declaration	Due Date of Transfer
2007-08	Final	6.6.2008	6.7.2015
2008-09	Final	1.6.2009	1.7.2016
2009-10	Final	8.6.2010	8.7.2017
2010-11	Final	17.6.2011	17.7.2018
2011-12	Final	22.6.2012	22.7.2019
2012-13	Final	19.7.2013	19.8.2020
2013-14	Final	27.6.2014	27.7.2021

#### 5. Disclosures

- There were no transactions which were of a materially significant nature undertaken by the Bank with its promoters, directors or management, their subsidiaries or relatives that may have a potential conflict with the interests of the Bank.
- The Members of the Senior Management of the Bank have affirmed that they have not entered into any material financial or commercial transaction where they have personal interest and which may potentially conflict with the interest of the Bank at large.
- There are no instances of non-compliance by the Bank or penalties and strictures imposed by the Stock Exchanges or SEBI or other statutory authorities on any matter related to capital markets during the last three years other than the following:

- i. During the financial year 2012-13, there were 2 instances wherein penalty of ₹150 and ₹50 was imposed by National Securities Depository Limited (NSDL) on the Bank for data entry errors while capturing PAN details in demat accounts in NSDL system.
- ii. The inspection of depository services CDSL & NSDL was conducted by Securities and Exchange Board of India (SEBI) in June, 2012. Subsequently, SEBI vide their letter dated 6<sup>th</sup> November 2012 had issued administrative warning to the Bank for delay in redressal of investor grievances and for submitting wrong information in reply to pre-inspection questionnaire.
- iii. SEBI (through its Adjudicating Officer) vide its letter reference no. EAD-5/PG/SPV/22106/2012 dated 3<sup>rd</sup> October 2012 had issued a notice to the Bank informing that the Adjudicating Officer had been appointed to inquire into and adjudge under Sections 15G and 15HB of the SEBI Act, the alleged violation of various provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the SEBI (Merchant Bankers) Regulations, 1992, while acting as the Manager to the open offers of KSK Energy Ventures Limited and Bombay Rayon Fashions Limited. The Bank had submitted its preliminary response to the Show cause Notice on 11<sup>th</sup> January 2013, wherein it had refuted the various violation charges levelled against it. In the personal hearing held on 5<sup>th</sup> February 2013 before the Adjudicating Officer, the Bank had once again reiterated its above stand. The Adjudicating Officer, vide his Order dated 28<sup>th</sup> March 2013, indicated that no charges were established under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. No penalty was levied on the Bank.
- iv. National Securities Clearing Corporation Limited (NSCCL) had levied a penalty of ₹40,507.81 in September 2012 on account of short reporting of margin in currency segment of NSE.
- v. The inspection of depository services (CDSL & NSDL) was conducted by Securities and Exchange Board of India (SEBI) in September, 2013. Subsequently, SEBI vide their letter dated 7<sup>th</sup> March 2014 had issued administrative warning to the Bank in respect of four instances where the date of execution of power of attorney (PoA) was one day prior to the account activation date as per DPM system and certain clauses of the PoA were not consistent with SEBI circulars on PoA.

## **6. Compliance**

- The Bank has complied with the mandatory requirements regarding the Board of Directors, Audit Committee, other Board Committees and other provisions as prescribed under revised Clause 49 of the Listing Agreement.
- The Bank has also adopted and complied with the non-mandatory requirements like maintenance of Chairman's Office by Non-executive Chairman at the Bank's expense and reimbursement of expenses incurred by Non-executive Chairman in performance of his duties, moving towards a regime of unqualified financial statements, appointing separate individuals to the post of Chairman and Managing Director, and reporting by the Internal Auditor directly to the Audit Committee of the Board of Directors.
- The Bank has obtained a certificate from M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai (Membership No. 301003E) confirming that the Bank has complied with the mandatory requirements as stipulated under revised Clause 49 of the Listing Agreement. The said certificate is annexed to the Director's Report.

## **7. Code of Conduct**

- The Board of Directors of the Bank has formulated and adopted a Code of Conduct which is applicable to all the Directors and Members of the Senior Management of the Bank. The said Code has been hosted on the website of the Bank.
- A certificate issued by the Managing Director & CEO of the Bank confirming that all the Directors and Members of the Senior Management of the Bank have complied with the said Code is annexed to this Report.

## 8. Means of Communication

- Quarterly/Half-yearly/Annual financial results of the Bank are communicated through newspaper advertisements, press releases and by posting the said information on the Bank's web site.
- The financial results are generally published in the Economic Times and Sandesh or Divya Bhaskar.
- Address of our official website is [www.axisbank.com](http://www.axisbank.com) where the information is displayed.
- Generally, after the quarterly, half-yearly and the annual financial results are approved by the Board, formal presentations are made to analysts by the Management and the same is also hosted on the Bank's website.
- The Management's Discussion and Analysis Report for the year 2014-15 is part of the Annual Report.

## 9. General Shareholder Information

- AGM: Date, time and venue - Friday, 24<sup>th</sup> July 2015 – 10.00 A.M.  
At J. B. Auditorium, Ahmedabad Management Association  
AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg,  
Ahmedabad – 380 015.
- Financial Year/Calendar - 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016. The meetings of the Board/Audit Committee of the Board to consider and approve the financial results of the Bank for the quarter ending 30<sup>th</sup> June 2015, 30<sup>th</sup> September 2015 and 31<sup>st</sup> December 2015 are proposed to be held during second half of July 2015, October 2015 and January 2016. The meeting to consider audited annual accounts and financial results for the quarter ending 31<sup>st</sup> March 2016 is proposed to be held during the second half of April 2016.
- Date of Book Closure - From 13<sup>th</sup> July 2015 to 24<sup>th</sup> July 2015 (both days inclusive)  
The Dividend will be paid to those members whose names will appear in the Register of Members of the Bank as at the close of business hours on 11<sup>th</sup> July 2015.
- Dividend Payment Date - The despatch of the dividend warrants/ECS credit would commence on 27<sup>th</sup> July 2015 and is expected to be completed by 6<sup>th</sup> August 2015.
- The Bank's equity shares are listed and traded on the following Stock Exchanges:
  - BSE Limited, P. J. Towers, Dalal Street, Mumbai – 400 001.
  - The National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, "G" Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.
  - The Bank's Global Depositary Receipts (GDRs) are listed and traded on the London Stock Exchange, 10 Paternoster Square, London EC4M 7LS, UK.
  - Listing of said equity shares/GDRs on the said Stock Exchanges (with stock code):

Name of Stock Exchange	Stock Code
BSE Limited	532215
The National Stock Exchange of India Limited	AXISBANK
London Stock Exchange	AXB

The annual listing fees for the financial year 2015-16 have been paid by the Bank to the said Stock Exchanges where equity shares of the Bank are listed.

ISIN for equity shares : INE238A01034

Name of Depositories : i. National Securities Depository Limited  
ii. Central Depository Services (India) Limited

ISIN for GDRs : US05462W1099

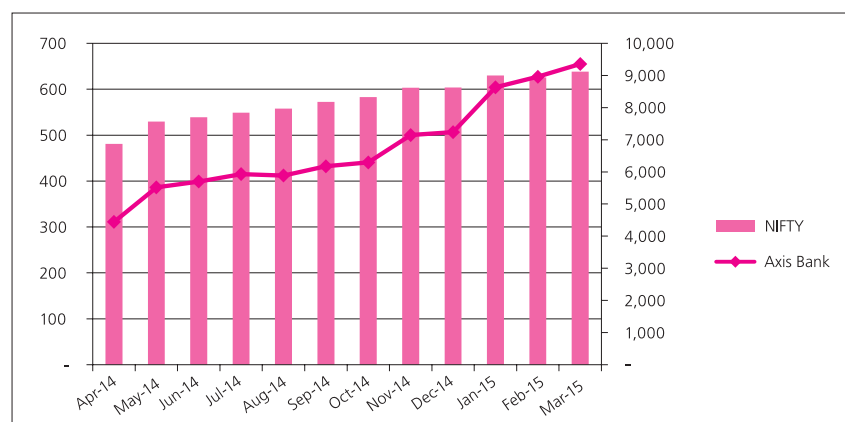
- Market Price Data: The price of the Bank's Share - High, Low during each month in the last financial year on the NSE, was as under:

MONTH	HIGH (₹)	LOW (₹)
April 2014	1,554.80	1,410.10
May 2014	1,928.80	1,516.70
June 2014	1,989.60	1,750.00
July 2014	2,043.05	1,823.00
<b>Post Sub-division of equity share of ₹10/- each into 5 equity shares of ₹2/- each</b>		
August 2014	407.35	369.05
September 2014	423.80	370.25
October 2014	440.40	372.30
November 2014	485.90	437.40
December 2014	506.40	464.20
January 2015	604.05	487.00
February 2015	625.60	540.50
March 2015	654.90	526.10

**Note :** The Shareholders of the Bank at the AGM held on 27<sup>th</sup> June 2014 approved the sub-division of One (1) equity share having a face value of ₹10 each into Five (5) equity shares having a face value of ₹2 each. The record date of the sub-division of equity shares was 30<sup>th</sup> July 2014.

- The Bank's equity share price has moved in accordance with the movement of NIFTY. It touched a high of ₹2,043.05 in July 2014 and low of ₹1,410.10 in April 2014 (before sub-division of equity shares having a face value of ₹10) on the NSE. It touched a high of ₹654.90 in March 2015 and low of ₹369.05 in August 2014 (after sub-division of equity shares having a face value of ₹10) on the NSE.

#### Performance in comparison to NIFTY



**Note:** The Bank's equity share price before the record date for sub-division of its equity shares (i.e. 30<sup>th</sup> July 2014) has been adjusted so that pre and post sub-division shares prices are comparable.

- The high and low closing prices of the Bank's GDRs traded during the last financial year on the LSE are given below:

MONTH	HIGH (USD)	LOW (USD)
April 2014	26.74	22.71
May 2014	33.84	25.20
June 2014	34.51	28.65
July 2014	34.39	30.13
August 2014	33.64	30.50
September 2014	35.25	30.36
October 2014	36.00	30.03
November 2014	39.65	35.85
December 2014	40.90	35.20
January 2015	49.15	38.80
February 2015	50.20	43.00
March 2015	52.50	43.40

- Registrar and Share Transfer Agent:**

M/s. Karvy Computershare Private Limited

Unit: Axis Bank Limited

Karvy Selenium Tower B, Plot 31-32,

Gachibowli, Financial District,

Nanakramguda, Hyderabad – 500 032.

Phone : 040-67162222

Fax : 040-23001153

Toll Free no. : 1800-345-4001

Email : [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

Contact Persons : M R V Subrahmanyam, GM/Ms. Varalakshmi, Sr. Manager (RIS)

- Share Transfer System**

A Share Committee comprising the Head (Law) and the Company Secretary of the Bank has been formed to look after the matters relating to the transfer of equity shares, issue of duplicate share certificates in lieu of mutilated share certificates and other related matters. The resolutions passed by the Share Committee are confirmed at subsequent Board meetings. The Bank's Registrar and Share Transfer Agents, M/s Karvy Computershare Private Limited, Hyderabad looks after the work relating to transfers of equity shares.

The Bank ensures that all transfers are effected within a period of 15 days from the date of their lodgement with the said Registrar and Share Transfer Agent.

The equity shares of the Bank are to be compulsorily traded in Demat form by all investors. The Bank has entered into agreements with the NSDL and the CDSL so as to provide the members an opportunity to hold and trade equity shares of the Bank in electronic form.

The number of equity shares of the Bank transferred/processed during the last three years (excluding electronic transfer of equity shares in dematerialised form) is given below:

	2012-13	2013-14	2014-15
Number of transfer deeds	324	282	285
Number of equity shares transferred	18,100	15,78,100	63,000

As required under Clause 47(c) of the Listing Agreement, Mr. Ahalada Rao. V & Associates, Practicing Company Secretaries have examined the records relating to share transfer deeds, memorandum of transfers, registers, files and other related documents on a half-yearly basis and has certified compliance with the provisions of the above clause. The certificates are forwarded to BSE and NSE where the Bank's equity shares are listed and also placed before the Stakeholders Relationship Committee of the Board of Directors for its noting.

As required by SEBI, a Share Capital Audit was conducted on a quarterly basis by Mr. Ahalada Rao. V & Associates, Practicing Company Secretaries, for the purpose of, reconciling the total admitted equity share capital of the Bank with the depositories and the equity share capital in physical form with the total issued and paid-up equity capital of the Bank.

The said certificates have been placed before the Stakeholders Relationship Committee of the Board of Directors for their noting and also forwarded to the BSE and the NSE, where the equity shares of the Bank are listed.

#### Shareholders of Axis Bank Limited with more than 1% holding as on 31<sup>st</sup> March 2015

Name of Shareholder	No. of Shares	% to total No. of Shares
Life Insurance Corporation of India and its group entities*	29,89,86,182	12.61%
Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	27,48,40,905	11.59%
Europacific Growth Fund	10,41,67,415	4.39%
The Bank of New York Mellon	8,80,83,025	3.72%
ICICI Prudential Life Insurance Company Limited	5,37,72,825	2.27%
General Insurance Corporation of India	3,93,21,498	1.66%
Copthall Mauritius Investment Limited	3,90,51,613	1.65%
Lazard Asset Management LLC A/C Lazard Emerging Markets Portfolio	3,32,37,161	1.40%
Morgan Stanley Asia (Singapore) Pte. Ltd.	3,11,03,634	1.31%
Goldman Sachs (Singapore) Pte. Ltd.	2,78,65,388	1.18%
Centaura Investments (Mauritius) Pte Ltd.	2,68,56,320	1.13%
The New India Assurance Company Limited	2,66,07,567	1.12%
Genesis Indian Investment Company Limited-General Sub Fund	2,52,23,650	1.06%
Government Pension Fund Global	2,45,22,713	1.03%

\*Includes 29,60,75,087 equity shares, equivalent to 12.49% of the total issued and paid-up equity capital of the Bank, held by LIC.

- Distribution of shareholding as on 31<sup>st</sup> March 2015**

Total nominal value ₹	:	4,74,10,44,398
Nominal value of each equity share ₹	:	2
Total number of equity shares	:	2,37,05,22,199
Distinctive numbers (both numbers inclusive)	:	1 to 2,37,05,22,199

Shareholding of Nominal Value		Shareholders		Share Amount Nominal Value	
₹	₹	Numbers	% to total Shareholders	In ₹	% to total Capital
Up to	5,000	3,04,449	97.46	11,87,77,464	2.51
5,001	10,000	3,669	1.17	2,68,55,642	0.57
10,001	20,000	1,518	0.49	2,21,87,872	0.47
20,001	30,000	534	0.17	1,31,04,156	0.28
30,001	40,000	295	0.09	1,03,75,916	0.22
40,001	50,000	209	0.07	94,57,234	0.20
50,001	1,00,000	433	0.14	3,11,22,652	0.65
100,001	Above	1,267	0.41	4,50,91,63,462	95.10
<b>Total</b>		<b>3,12,374</b>	<b>100.00</b>	<b>4,74,10,44,398</b>	<b>100.00</b>



As on 31<sup>st</sup> March 2015, out of total equity shares of the Bank, 2,36,10,63,401 equity shares of ₹2 each representing 99.60% of the total equity shares have been dematerialised.

- The Bank has issued in the course of international offerings to overseas investors, securities linked to ordinary equity shares of the Bank in the form of Global Depositary Receipts (GDRs) during March/April 2005, July 2007 and September 2009, and the said GDRs have been listed and traded on the London Stock Exchange. The Bank has simultaneously issued the underlying equity shares of the Bank in the form of Global Depositary Receipts (GDRs) to the overseas investors. The underlying equity shares have been listed and permitted to be traded on the NSE and BSE. The number of outstanding GDRs as on 31<sup>st</sup> March 2015 were 8,80,83,025.
- Apart from the above, the Bank has not issued any ADRs/Warrants or any other convertible instruments.
- Address for Correspondence:

The Company Secretary  
**Axis Bank Limited** [CIN : L65110GJ1993PLC020769]  
Registered Office  
'Trishul', 3<sup>rd</sup> Floor, Opp. Samartheshwar Temple,  
Law Garden, Ellisbridge,  
Ahmedabad – 380 006  
Phone No. : 079-66306161  
Fax No. : 079-26409321  
Email : shareholders@axisbank.com

Name and contact details of the Trustees appointed by the Bank for Unsecured Redeemable Non Convertible Debentures issued by the Bank.

- i. IDBI Trusteeship Services Limited  
Registered Office  
Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai – 400001.  
Phone No. 022-4080 7000.
- ii. SBICap Trustee Company Limited  
6<sup>th</sup> Floor, Apeejay House, 3,  
Dinshaw Wachha Road,  
Churchgate, Mumbai - 400 020  
Phone No. 022-43025555.

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#### **Compliance with the Code of Conduct by the Directors & Members of the Senior Management of the Bank for the Financial Year 2014-15**

I confirm that for the year under review all Directors and Members of the Senior Management have affirmed compliance with the Code of Conduct of the Bank.

**Shikha Sharma**  
Managing Director & CEO

29<sup>th</sup> April 2015

# **AXIS BANK LIMITED GROUP - AUDITORS' REPORT**

## **INDEPENDENT AUDITORS' REPORT**

**To**

**The Members of Axis Bank Limited**

### **Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of Axis Bank Limited (the "Bank") and its subsidiary and its associate (together, the "Group"), which comprise the consolidated Balance Sheet as at 31 March, 2015, the consolidated Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes forming part of the accounts.

### **Management's Responsibility for the Financial Statements**

2. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Group's management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

5. In our opinion and to the best of our information and according to the explanations given to us, based on the consideration of the reports of the other auditors on the financial statements/financial information of the subsidiaries and the consideration of the un-audited financial statements of the associate referred to below in the "Other Matters", the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Group as at 31 March, 2015, its profit, and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

6. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

## **Other Matters**

7. The accompanying financial statements include total assets of Rs. 3,326 crores as at 31 March, 2015, and total revenues and net cashflows of Rs. 768 crores and Rs. 25 crores for the year ended on that date, in respect of certain subsidiaries, which has been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us. Our opinion, in so far as it relates amounts and disclosures included in respect of the subsidiary is based solely on the report of such other auditors.
8. The consolidated financial statements also include the Group's share of net profit of Rs. 1.36 crores for the year ended 31 March, 2015, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited.
9. Our opinion is not modified in respect of these matters.
10. The financial statements for the year ended 31 March, 2014 were audited by another auditor who expressed an unmodified opinion on these financial statements on 25 April, 2014.

## **For S. R. Batliboi & Co LLP.**

Chartered Accountants

ICAI Firm Registration Number: 301003E

## **Viren H. Mehta**

Partner

Membership Number: 048749

Mumbai, 29 April 2015

# AXIS BANK LIMITED GROUP - BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2015

		As at 31-03-2015 (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
Schedule No.			
<b>CAPITAL AND LIABILITIES</b>			
	1	<b>4,741,044</b>	4,698,446
Capital			
	2	<b>444,754,902</b>	379,262,043
Reserves & Surplus			
	2A	<b>311,361</b>	129,421
Minority Interest			
	3	<b>3,222,441,700</b>	2,805,410,738
Deposits			
	4	<b>843,935,036</b>	527,392,236
Borrowings			
	5	<b>156,245,690</b>	146,607,709
Other Liabilities and Provisions			
<b>TOTAL</b>		<b>4,672,429,733</b>	3,863,500,593
<b>ASSETS</b>			
	6	<b>198,188,446</b>	170,413,647
Cash and Balances with Reserve Bank of India			
	7	<b>166,732,539</b>	115,407,921
Balances with Banks and Money at Call and Short Notice			
	8	<b>1,333,192,446</b>	1,130,927,767
Investments			
	9	<b>2,844,486,456</b>	2,323,817,273
Advances			
	10	<b>25,519,012</b>	24,472,596
Fixed Assets			
	11	<b>104,310,834</b>	98,461,389
Other Assets			
<b>TOTAL</b>		<b>4,672,429,733</b>	3,863,500,593
	12	<b>5,913,342,873</b>	5,950,758,615
Contingent Liabilities			
		<b>490,086,861</b>	366,015,787
Bills for Collection			
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Consolidated Balance Sheet			

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP  
Chartered Accountants

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

K. N. Prithviraj  
Director

V. R. Kaundinya  
Director

Samir K. Barua  
Director

S. Vishvanathan  
Director

Shikha Sharma  
Managing Director & CEO

Date : 29 April, 2015  
Place : Mumbai

Sanjeev Kapoor  
Company Secretary

V. Srinivasan  
Executive Director  
& Head (Corporate Banking)

Sanjeev K. Gupta  
Executive Director (Corporate Centre)  
& Chief Financial Officer

# AXIS BANK LIMITED GROUP - PROFIT & LOSS ACCOUNT

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2015

		Year ended 31-03-2015	Year ended 31-03-2014
	Schedule No. (₹ in Thousands)	(₹ in Thousands)	
<b>I INCOME</b>			
Interest earned	13	357,274,565	307,359,589
Other income	14	88,381,144	77,662,500
<b>TOTAL</b>		<b>445,655,709</b>	<b>385,022,089</b>
<b>II EXPENDITURE</b>			
Interest expended	15	213,412,610	187,029,665
Operating expenses	16	96,099,332	82,095,228
Provisions and contingencies	18 (2.1.1)	61,658,952	52,805,544
<b>TOTAL</b>		<b>371,170,894</b>	<b>321,930,437</b>
<b>III NET PROFIT FOR THE YEAR</b>		<b>74,484,815</b>	<b>63,091,652</b>
Minority interest		(19,439)	(4,084)
Share in Profit/(Loss) of Associate		13,589	13,594
<b>IV CONSOLIDATED NET PROFIT ATTRIBUTABLE TO GROUP</b>		<b>74,478,965</b>	<b>63,101,162</b>
Balance in Profit & Loss Account brought forward from previous year		136,012,379	100,454,029
<b>V AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>210,491,344</b>	<b>163,555,191</b>
<b>VI APPROPRIATIONS:</b>			
Transfer to Statutory Reserve		18,394,555	15,544,167
Transfer to Reserve Fund u/s 45 IC of RBI Act, 1934		156,400	67,000
Transfer to Investment Reserve		254,885	500,289
Transfer to Capital Reserve		631,421	388,664
Transfer to General Reserve		16,534	17,797
Transfer to/(from) Reserve Fund		(12,664)	10,465
Proposed dividend (includes tax on dividend)	18 (2.1.6)	13,152,811	11,014,430
Balance in Profit & Loss Account carried forward		177,897,402	136,012,379
<b>TOTAL</b>		<b>210,491,344</b>	<b>163,555,191</b>
<b>VII EARNINGS PER EQUITY SHARE</b>	18 (2.1.4)		
(Face value ₹2/- per share) (Rupees)			
Basic		31.56	26.91
Diluted		31.23	26.84
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Consolidated Profit and Loss Account			

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP  
Chartered Accountants

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

K. N. Prithviraj  
Director

V. R. Kaundinya  
Director

Samir K. Barua  
Director

S. Vishvanathan  
Director

Shikha Sharma  
Managing Director & CEO

Date : 29 April, 2015  
Place : Mumbai

Sanjeev Kapoor  
Company Secretary

V. Srinivasan  
Executive Director  
& Head (Corporate Banking)

Sanjeev K. Gupta  
Executive Director (Corporate Centre)  
& Chief Financial Officer

# AXIS BANK LIMITED GROUP - CASH FLOW STATEMENT

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

	Year ended 31-03-2015 (₹ in Thousands)	Year ended 31-03-2014 (₹ in Thousands)
<b>Cash flow from operating activities</b>		
<b>Net profit before taxes</b>	<b>112,812,999</b>	94,790,061
<b>Adjustments for:</b>		
Depreciation on fixed assets	4,196,443	3,754,553
Depreciation on investments	(509,798)	(1,002,934)
Amortisation of premium on Held to Maturity investments	779,346	773,624
Provision for Non Performing Assets (including bad debts)	17,886,115	12,959,797
Provision on standard assets	2,927,507	2,930,732
Provision for wealth tax	9,300	4,200
(Profit)/Loss on sale of fixed assets (net)	36,500	147,378
Provision for country risk	-	-
Provision for restructured assets	(818,769)	1,947,624
Provision on Unhedged Foreign Currency Exposure	1,336,600	-
Provision for other contingencies	2,480,374	4,263,632
	<b>141,136,617</b>	120,568,667
<b>Adjustments for:</b>		
(Increase)/Decrease in investments	(129,543,119)	138,284,240
(Increase)/Decrease in advances	(536,893,261)	(367,794,715)
Increase/(Decrease) in deposits	417,030,962	283,919,561
(Increase)/Decrease in other assets	(2,011,148)	(22,083,749)
Increase/(Decrease) in other liabilities & provisions	850,166	26,803,462
Direct taxes paid	(42,195,220)	(35,061,503)
<b>Net cash flow from operating activities</b>	<b>(151,625,003)</b>	144,635,963
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(5,385,634)	(6,077,888)
(Increase)/Decrease in Held to Maturity investments	(73,836,316)	(136,191,642)
Proceeds from sale of fixed assets	100,405	1,696,430
<b>Net cash used in investing activities</b>	<b>(79,121,545)</b>	(140,573,100)

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

	Year ended 31-03-2015 (₹ in Thousands)	Year ended 31-03-2014 (₹ in Thousands)
<b>Cash flow from financing activities</b>		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	9,164,337	(1,341,919)
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	307,378,461	87,683,172
Proceeds from issue of share capital	42,599	18,901
Proceeds from share premium (net of share issue expenses)	4,768,948	1,356,819
Payment of dividend	(11,088,076)	(9,875,875)
Increase in minority interest	181,939	4,084
<b>Net cash generated from financing activities</b>	<b>310,448,208</b>	<b>77,845,182</b>
Effect of exchange fluctuation translation reserve	(602,243)	(1,085,707)
Net increase in cash and cash equivalents	79,099,417	80,822,338
Cash and cash equivalents at the beginning of the year	285,821,568	204,999,230
Cash and cash equivalents at the end of the year	364,920,985	285,821,568
Notes to the Cash Flow Statement:		
Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	198,188,446	170,413,647
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	166,732,539	115,407,921
Cash and cash equivalents at the end of the year	364,920,985	285,821,568

In terms of our report attached.

For Axis Bank Ltd.

**For S. R. Batliboi & Co. LLP**  
Chartered Accountants

**Sanjiv Misra**  
Chairman

**Viren H. Mehta**  
Partner

**K. N. Prithviraj**  
Director

**V. R. Kaundinya**  
Director

**Samir K. Barua**  
Director

**S. Vishvanathan**  
Director

**Shikha Sharma**  
Managing Director & CEO

Date : 29 April, 2015  
Place : Mumbai

**Sanjeev Kapoor**  
Company Secretary

**V. Srinivasan**  
Executive Director  
& Head (Corporate Banking)

**Sanjeev K. Gupta**  
Executive Director (Corporate Centre)  
& Chief Financial Officer

# AXIS BANK LIMITED GROUP - SCHEDULES

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2015

	As at 31-03-2015 (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 1 - CAPITAL</b>		
<b>Authorised Capital</b>		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
<b>Issued, Subscribed and Paid-up capital</b>		
2,370,522,199 (Previous year - 2,349,222,765) Equity Shares of ₹2/- each fully paid-up [Refer Schedule 18.1]	4,741,044	4,698,446
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>I. Statutory Reserve</b>		
Opening Balance	66,918,613	51,374,446
Additions during the year	18,394,555	15,544,167
	85,313,168	66,918,613
<b>II. Share Premium Account</b>		
Opening Balance	159,074,088	157,717,269
Additions during the year	4,768,948	1,356,819
Less: Share issue expenses	-	-
	163,843,036	159,074,088
<b>III. Investment Reserve Account</b>		
Opening Balance	1,034,860	534,571
Additions during the year	254,885	500,289
	1,289,745	1,034,860
<b>IV. General Reserve</b>		
Opening Balance	3,724,292	3,706,495
Additions during the year	16,534	17,797
	3,740,826	3,724,292
<b>V. Capital Reserve</b>		
Opening Balance	9,848,828	9,460,164
Additions during the year	631,421	388,664
	10,480,249	9,848,828
<b>VI. Foreign Currency Translation Reserve</b> [Refer Schedule 17 (4.5)]		
Opening Balance	2,464,334	3,550,041
Additions/(Deductions) during the year (net)	(602,243)	(1,085,707)
	1,862,091	2,464,334
<b>VII. Reserve Fund</b>		
Opening Balance	36,549	26,084
Additions/(Deductions) during the year (net)	(12,664)	10,465
	23,885	36,549
<b>VIII. Reserve Fund u/s 45 IC of RBI Act, 1934</b>		
Opening Balance	148,100	81,100
Additions during the year	156,400	67,000
	304,500	148,100
<b>IX. Balance in Profit &amp; Loss Account</b>	177,897,402	136,012,379
<b>TOTAL</b>	<b>444,754,902</b>	<b>379,262,043</b>



# **SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2015**

	As at 31-03-2015 (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 2A - MINORITY INTEREST</b>		
I. Minority Interest		
Opening Balance	129,421	125,337
Increase/(Decrease) during the year	181,940	4,084
<b>Closing Minority Interest</b>	<b>311,361</b>	<b>129,421</b>

## **SCHEDULE 3 - DEPOSITS**

A. I. Demand Deposits		
(i) From banks	39,561,238	32,988,192
(ii) From others	519,809,061	453,304,398
II. Savings Bank Deposits	882,921,758	777,760,612
III. Term Deposits		
(i) From banks	84,010,165	118,566,234
(ii) From others	1,696,139,478	1,422,791,302
<b>TOTAL</b>	<b>3,222,441,700</b>	<b>2,805,410,738</b>
B. I. Deposits of branches in India	3,166,496,390	2,665,048,202
II. Deposits of branches/subsidiaries outside India	55,945,310	140,362,536
<b>TOTAL</b>	<b>3,222,441,700</b>	<b>2,805,410,738</b>

## **SCHEDULE 4 - BORROWINGS**

I. Borrowings in India		
(i) Reserve Bank of India	-	2,790,000
(ii) Other banks #	29,093,122	31,257,308
(iii) Other institutions & agencies **	275,579,626	160,702,121
II. Borrowings outside India \$	539,262,288	332,642,807
<b>TOTAL</b>	<b>843,935,036</b>	<b>527,392,236</b>
Secured borrowings included in I & II above	10,799,116	2,764,329

# Borrowings from other banks include Subordinated Debt of ₹377.60 crores (previous year ₹407.60 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of Nil (previous year Nil) and Upper Tier II instruments of ₹49.10 crores (previous year ₹59.10 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

\*\* Borrowings from other institutions & agencies include Subordinated Debt of ₹10,823.20 crores (previous year ₹9,943.20 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹214.00 crores (previous year ₹214.00 crores) and Upper Tier II instruments of ₹258.40 crores (previous year ₹248.40 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

\$ Borrowings outside India include Perpetual Debt of ₹287.50 crores (previous year ₹275.61 crores) and Upper Tier II instruments of ₹1,311.98 crores (previous year ₹1,257.44 crores) [Also refer Note 18 (2.1.3)]

# **SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2015**

	As at 31-03-2015 (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>		
I. Bills payable	39,372,758	35,778,486
II. Inter-office adjustments (net)	-	-
III. Interest accrued	20,682,515	11,523,939
IV. Proposed dividend (includes tax on dividend)	13,055,440	10,990,706
V. Contingent provision against standard assets	16,010,873	12,999,356
VI. Others (including provisions)	67,124,104	75,315,222
<b>TOTAL</b>	<b>156,245,690</b>	<b>146,607,709</b>
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
I. Cash in hand (including foreign currency notes)	42,154,361	41,646,894
II. Balances with Reserve Bank of India:		
(i) in Current Account	156,034,085	128,766,753
(ii) in Other Accounts	-	-
<b>TOTAL</b>	<b>198,188,446</b>	<b>170,413,647</b>
<b>SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>		
I. In India		
(i) Balance with Banks		
(a) in Current Accounts	2,213,579	2,258,352
(b) in Other Deposit Accounts	12,852,440	10,259,234
(ii) Money at Call and Short Notice		
(a) With banks	-	-
(b) With other institutions	86,192,067	6,587,734
<b>TOTAL</b>	<b>101,258,086</b>	<b>19,105,320</b>
II. Outside India		
(i) in Current Accounts	8,214,657	14,228,168
(ii) in Other Deposit Accounts	24,439,311	28,425,610
(iii) Money at Call & Short Notice	32,820,485	53,648,823
<b>TOTAL</b>	<b>65,474,453</b>	<b>96,302,601</b>
<b>GRAND TOTAL (I+II)</b>	<b>166,732,539</b>	<b>115,407,921</b>

# **SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2015**

	As at <b>31-03-2015</b> (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 8 - INVESTMENTS</b>		
<b>I. Investments in India in -</b>		
(i) Government Securities <sup>## **</sup>	<b>812,460,111</b>	690,967,197
(ii) Other approved securities	-	-
(iii) Shares	<b>7,390,249</b>	6,118,086
(iv) Debentures and Bonds	<b>252,221,297</b>	237,263,911
(v) Investment in Joint Ventures <sup>\$</sup>	-	380,812
(vi) Others (Mutual Fund units, CD/CP, Priority Sector deposits, PTC etc.) <sup>@</sup>	<b>241,118,129</b>	183,485,029
<b>Total Investments in India</b>	<b>1,313,189,786</b>	1,118,215,035
<b>II. Investments outside India in -</b>		
(i) Government Securities (including local authorities)	<b>11,705,282</b>	5,335,986
(ii) Subsidiaries and/or joint ventures abroad [Refer Schedule 17.2c]	-	29,978
(iii) Others (Equity Shares and Bonds)	<b>8,297,378</b>	7,346,768
<b>Total Investments outside India</b>	<b>20,002,660</b>	12,712,732
<b>GRAND TOTAL (I+II)</b>	<b>1,333,192,446</b>	1,130,927,767

<sup>##</sup> Includes securities costing ₹11,981.89 crores (previous year ₹5,224.77 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements.

<sup>\*\*</sup> Inclusive of Repo Lending of Nil (previous year ₹2,600.00 crores) and net of Repo borrowing of ₹6,194.55 crores (previous year Nil) under the Liquidity Adjustment Facility in line with the RBI requirements.

<sup>\$</sup> Represents investment accounted as an Associate in line with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, as notified under section 133 of the Companies Act, 2013 [Refer Schedule 17.2e].

<sup>@</sup> Includes Priority Sector deposits of ₹14,792.62 crores (previous year ₹11,006.97 crores) and PTC's of ₹1,037.59 crores (previous year ₹2,328.21 crores) net of depreciation, if any.

# **SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2015**

	As at 31-03-2015 (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 9 - ADVANCES</b>		
A. (i) Bills purchased and discounted *	52,037,662	32,128,953
(ii) Cash credits, overdrafts and loans repayable on demand @	804,138,531	687,817,066
(iii) Term loans #	1,988,310,263	1,603,871,254
<b>TOTAL</b>	<b>2,844,486,456</b>	<b>2,323,817,273</b>
B. (i) Secured by tangible assets \$	2,223,044,145	1,910,512,994
(ii) Covered by Bank/Government Guarantees &&	35,061,043	30,564,480
(iii) Unsecured	586,381,268	382,739,799
<b>TOTAL</b>	<b>2,844,486,456</b>	<b>2,323,817,273</b>
C. I. Advances in India		
(i) Priority Sector	697,714,885	627,610,775
(ii) Public Sector	35,629,745	37,642,652
(iii) Banks	830,468	590,421
(iv) Others	1,637,081,680	1,286,421,107
<b>TOTAL</b>	<b>2,371,256,778</b>	<b>1,952,264,955</b>
II. Advances Outside India		
(i) Due from banks	1,562,500	6,211,853
(ii) Due from others -		
(a) Bills purchased and discounted	4,528,093	2,455,311
(b) Syndicated loans	127,665,565	114,599,256
(c) Others	339,473,520	248,285,898
<b>TOTAL</b>	<b>473,229,678</b>	<b>371,552,318</b>
<b>GRAND TOTAL (CI+CII)</b>	<b>2,844,486,456</b>	<b>2,323,817,273</b>

\* Net of borrowings under Bills Rediscounting Scheme Nil (previous year ₹2,800.00 crores)

@ Net of borrowings under Inter Bank Participation Certificate/Funded Risk Participation ₹1,301.43 crores (previous year ₹4,129.04 crores)

# Net of borrowings under Inter Bank Participation Certificate ₹15,317.68 crores (previous year ₹11,908.59 crores)

\$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

# **SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2015**

	As at 31-03-2015 (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 10 - FIXED ASSETS</b>		
<b>I. Premises</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	9,041,075	9,041,075
Additions during the year	465,946	-
Deductions during the year	-	-
<b>TOTAL</b>	<b>9,507,021</b>	<b>9,041,075</b>
<b>Depreciation</b>		
As at the beginning of the year	556,787	409,511
Charge for the year	151,923	147,276
Deductions during the year	-	-
Depreciation to date	708,710	556,787
<b>Net Block</b>	<b>8,798,311</b>	<b>8,484,288</b>
<b>II. Other fixed assets (including furniture &amp; fixtures)</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	33,180,276	30,785,629
Additions during the year	4,884,103	6,485,895
Deductions during the year	(1,808,213)	(4,091,248)
<b>TOTAL</b>	<b>36,256,166</b>	<b>33,180,276</b>
<b>Depreciation</b>		
As at the beginning of the year	18,208,169	16,968,110
Charge for the year	4,044,520	3,607,277
Deductions during the year	(1,665,438)	(2,367,218)
Depreciation to date	20,587,251	18,208,169
<b>Net Block</b>	<b>15,668,915</b>	<b>14,972,107</b>
<b>III. CAPITAL WORK-IN-PROGRESS (including capital advances)</b>	<b>1,051,786</b>	<b>1,016,201</b>
<b>GRAND TOTAL (I+II+III)</b>	<b>25,519,012</b>	<b>24,472,596</b>

## **SCHEDULE 11 - OTHER ASSETS**

I. Inter-office adjustments (net)	-	-
II. Interest Accrued	41,799,771	33,982,920
III. Tax paid in advance/tax deducted at source (net of provisions)	2,611,540	304,981
IV. Stationery and stamps	10,081	12,598
V. Non banking assets acquired in satisfaction of claims	-	438,108
VI. Others #	59,889,442	63,722,782
<b>TOTAL</b>	<b>104,310,834</b>	<b>98,461,389</b>

# Includes deferred tax assets of ₹1,894.44 crores (previous year ₹1,741.27 crores) [Refer Schedule 18 (2.1.11)]

# **SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2015**

	As at <b>31-03-2015</b> (₹ in Thousands)	As at 31-03-2014 (₹ in Thousands)
<b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>		
I. Claims against the Group not acknowledged as debts	<b>2,755,732</b>	2,394,352
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange and derivative contracts :		
(a) Forward Contracts	<b>2,802,478,143</b>	2,312,763,997
(b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	<b>1,641,749,576</b>	2,299,486,452
(c) Foreign Currency Options	<b>238,438,623</b>	202,687,973
<b>TOTAL (a+b+c)</b>	<b>4,682,666,342</b>	4,814,938,422
IV. Guarantees given on behalf of constituents		
In India	<b>582,793,361</b>	529,708,072
Outside India	<b>137,954,192</b>	133,640,480
V. Acceptances, endorsements and other obligations	<b>315,837,757</b>	238,821,561
VI. Other items for which the Group is contingently liable	<b>191,335,489</b>	231,255,728
<b>GRAND TOTAL (I+II+III+IV+V+VI) [Refer Schedule 18 (2.1.14)]</b>	<b>5,913,342,873</b>	5,950,758,615

# **SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2015**

	<b>Year ended 31-03-2015 (₹ in Thousands)</b>	<b>Year ended 31-03-2014 (₹ in Thousands)</b>
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## **SCHEDULE 13 - INTEREST EARNED**

I. Interest/discount on advances/bills	<b>260,839,861</b>	220,225,195
II. Income on investments	<b>91,454,215</b>	83,610,660
III. Interest on balances with Reserve Bank of India and other inter-bank funds	<b>2,320,169</b>	1,680,713
IV. Others	<b>2,660,320</b>	1,843,021
<b>TOTAL</b>	<b>357,274,565</b>	307,359,589

## **SCHEDULE 14 - OTHER INCOME**

I. Commission, exchange and brokerage	<b>66,073,242</b>	57,476,245
II. Profit/(Loss) on sale of investments (net)	<b>10,182,354</b>	3,414,542
III. Profit/(Loss) on sale of fixed assets (net)	<b>(36,500)</b>	(147,378)
IV. Profit on exchange/derivative transactions (net)	<b>9,842,668</b>	15,171,705
V. Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VI. Miscellaneous Income [including recoveries on account of advances/investments written-off in earlier years ₹169.86 crores (previous year ₹183.91 crores) and net profit on account of portfolio sell downs/securitisation ₹43.87 crores (previous year net loss of ₹16.22 crores)]	<b>2,319,380</b>	1,747,386
<b>TOTAL</b>	<b>88,381,144</b>	77,662,500

## **SCHEDULE 15 - INTEREST EXPENDED**

I. Interest on deposits	<b>171,078,082</b>	154,318,570
II. Interest on Reserve Bank of India/Inter-bank borrowings	<b>15,407,390</b>	9,214,419
III. Others	<b>26,927,138</b>	23,496,676
<b>TOTAL</b>	<b>213,412,610</b>	187,029,665

## **SCHEDULE 16 - OPERATING EXPENSES**

I. Payments to and provisions for employees	<b>36,156,945</b>	29,730,476
II. Rent, taxes and lighting	<b>8,293,304</b>	8,239,448
III. Printing and stationery	<b>1,221,906</b>	1,164,981
IV. Advertisement and publicity	<b>969,690</b>	978,125
V. Depreciation on Group's property	<b>4,196,443</b>	3,754,553
VI. Directors' fees, allowance and expenses	<b>22,143</b>	13,124
VII. Auditors' fees and expenses	<b>22,565</b>	25,516
VIII. Law charges	<b>109,025</b>	241,836
IX. Postage, telegrams, telephones etc.	<b>3,180,171</b>	2,891,395
X. Repairs and maintenance	<b>7,531,626</b>	6,425,327
XI. Insurance	<b>3,669,537</b>	3,171,922
XII. Other expenditure	<b>30,725,977</b>	25,458,525
<b>TOTAL</b>	<b>96,099,332</b>	82,095,228

## 17 Significant accounting policies for the year ended 31 March, 2015

### 1 Principles of Consolidation

The consolidated financial statements comprise the financial statements of Axis Bank Limited ('the Bank') and its subsidiaries, which together constitute 'the Group'.

The Bank consolidates its subsidiaries in accordance with AS 21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. All significant inter-company accounts and transactions are eliminated on consolidation. Further, the Bank accounts for investments in associates in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 using the equity method of accounting.

### 2 Basis of preparation

- a) The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India to comply with the, statutory requirements prescribed under the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and practices generally prevalent in the banking industry in India.
- b) The consolidated financial statements present the accounts of Axis Bank Limited with its following subsidiaries and associates:

Name	Relation	Country of Incorporation	Ownership Interest
Axis Capital Ltd.	Subsidiary	India	100.00%
Axis Private Equity Ltd.	Subsidiary	India	100.00%
Axis Trustee Services Ltd.	Subsidiary	India	100.00%
Axis Mutual Fund Trustee Ltd.	Subsidiary	India	75.00%
Axis Asset Management Company Ltd.	Subsidiary	India	75.00%
Axis Finance Ltd.	Subsidiary	India	100.00%
Axis Securities Ltd.	Subsidiary	India	100.00%
Axis Bank UK Ltd.	Subsidiary	U.K.	100.00%
Axis Securities Europe Ltd.*	Step-down Subsidiary	U.K.	100.00%
Bussan Auto Finance India Private Ltd. (see 'e' below)	Associate	India	Nil

\*wholly owned subsidiary of Axis Capital Ltd.

- c) Enam International Ltd., a step down subsidiary of the Bank (incorporated in UAE), has been voluntarily dissolved as on 24 August, 2014.
- d) The audited financial statements of the above subsidiaries (including step down subsidiaries) have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2015.
- e) On 30 March, 2015, the Bank has sold its stake in Bussan Auto Finance India Private Limited.

### 3 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues



and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

## **4 Significant accounting policies**

### **4.1 Investments**

Axis Bank Ltd.

#### *Classification*

In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities.

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/ Joint Ventures and Others.

Investments made outside India are classified under three categories – Government Securities, Subsidiaries and/ or Joint Ventures abroad and Others.

#### *Transfer of security between categories*

Transfer of security between categories of investments is accounted as per the RBI guidelines.

#### *Acquisition cost*

Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

#### *Valuation*

Investments classified under the HTM category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments classified under the AFS and HFT categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose;
- in case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company;
- units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are marked to market based on the Net Asset Value ('NAV') shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF after 23<sup>rd</sup> August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines and
- security receipts are valued as per the NAV obtained from the issuing Reconstruction Company/ Securitisation Company.

Investments in subsidiaries/joint ventures are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines.

Realised gains on investments under the HTM category are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date as the corporate actions are effected in equity on the trade date.

#### *Repurchase and reverse repurchase transactions*

Repurchase and reverse repurchase transactions in government securities and corporate debt securities [excluding those conducted under the Liquid Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI] are accounted as collateralised borrowing and lending respectively. Such transactions done under LAF and MSF are accounted as outright sale and outright purchase respectively.

#### *Short Sales*

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorised under HFT category. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

#### *Subsidiaries*

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Any reduction in the carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of such investments.

## **4.2 Advances**

Axis Bank Ltd.

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs and floating provisions. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI.

In addition to the above, the Bank on a prudential basis, makes provision for expected losses against advances or other exposures to specific assets/industry/sector either on a case-by-case basis or for a group of assets, based on specific information or general economic environment. These are classified as contingent provision and included under Schedule 5 - Other Liabilities in the Balance Sheet.

Loss assets and unsecured portion of doubtful assets are provided/written-off as per the extant RBI guidelines. NPAs are identified by periodic appraisals of the loan portfolio by the Management.

Amounts recovered against debts written-off are recognised in the Profit and Loss account.

For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring.

For entities with Unhedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') of a specific period subject to fulfilment of a set of conditions by the borrower. The Bank makes provision on an estimated basis against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

Axis Finance Ltd.

In accordance with the RBI guidelines, all loans are classified under any of four categories i.e. (i) standard assets, (ii) substandard assets, (iii) doubtful assets and (iv) loss assets.

Non-performing loans are written-off/provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Provision on standard assets is made, as per notification DNBS.PD.CC.No.207/03.02.002/2010-11 issued by Reserve Bank of India, 0.25% of the outstanding standard assets.

### **4.3 Country risk**

Axis Bank Ltd.

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

### **4.4 Securitisation**

Axis Bank Ltd.

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate ('PTC') holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS 29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

In accordance with RBI guidelines of 7 May 2012 on 'Guidelines on Securitisation of Standard Assets', gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV as prescribed under RBI guidelines. Loss on securitisation is immediately debited to the Profit and Loss Account.

### **4.5 Foreign currency transactions**

Axis Bank Ltd.

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign branches classified as non-integral foreign operations as per the RBI guidelines are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing rates notified by FEDAI at the year end.
- Income and expenses are translated at the rates prevailing on the date of the transactions.
- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments. Any realised gains or losses are recognised in the Profit and Loss Account.

Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on PV basis by discounting the forward value till spot date and converting the FCY amount using the respective spot rates as notified by FEDAI. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

#### Subsidiaries

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing rate on that date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined. The exchange differences, if any, either on settlement or translation are recognised in Profit and Loss Account.

### **4.6 Derivative transactions**

Axis Bank Ltd.

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. The premium on option contracts is accounted for as per FEDAI guidelines. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive Mark to Market (MTM) in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss account and are held in separate Suspense Account.

Currency futures contracts are marked to market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

### **4.7 Revenue recognition**

Axis Bank Ltd.

Interest income is recognised on an accrual basis except interest income on non-performing assets, which is recognised on receipt in accordance with AS – 9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the RBI guidelines.

Fees and commission income is recognised when due, except for guarantee commission which is recognised on a pro-rata basis over the period of the guarantee.

Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

#### Subsidiaries

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Fee income is recognised on the basis of accrual when all the services are performed.

Interest income is recognised on an accrual basis.

Dividend income is recognised when the right to receive payment is established by the Balance Sheet date.

Income from sale of investments is determined on weighted average basis and recognised on the trade date basis.

#### Axis Capital Limited

Brokerage income in relation to stock broking activity is recognised as per contracted rates at the execution of transactions on behalf of the customers on a trade date basis. Gains/losses on dealing in securities are recognised on a trade date basis.

Revenue from issue management, loan syndication, financial advisory services is recognised based on the stage of completion of assignments and terms of agreement with the client.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds, etc. are recorded on determination of the amount due to the Company, once the allotment of securities are completed.

#### Axis Private Equity Limited

Management fee is recognised on accrual basis.

#### Axis Trustee Services Limited

Trusteeship fees are recognised, on a straight line basis, over the period when services are performed. Initial acceptance fee is recognised as and when the 'Offer Letter' for the services to be rendered is accepted by the customer.

#### Axis Asset Management Company Limited

Management fees are recognised on accrual basis at specific rates, applied on the average daily net assets of each scheme. The fees charged are in accordance with the terms of scheme information documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

Portfolio Management Fees are recognised on an accrual basis as per the terms of the contract with the customers.

Investment advisory fees-offshore are recognised on an accrual basis as per the terms of the contract.

#### Axis Mutual Fund Trustee Limited

Trustee fee is recognised on accrual basis, at the specific rates/amount approved by the Board of Directors of the Company, within the limits specified under the Deed of Trust, and is applied on the net assets of each scheme of Axis Mutual Fund.

Axis Finance Limited

Interest and other dues are accounted on accrual basis except in the case of non-performing loans where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

Income on discounted instruments is recognised over the tenure of the instrument on a straight-line method.

Axis Securities Limited

Business sourcing and resource management fee is recognised on accrual basis when all the services are performed.

Income from Super Value Plan to the extent of account opening fees is recognised upfront and balance is amortised over the validity of plan.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds etc. are recorded on determination of the amount due to the company, once the allotment of securities are completed.

Brokerage income on securities is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date. Gains/losses on dealing in securities are recognised on trade date basis.

Depository fees are recognised on completion of the transaction.

Portfolio management fees are accounted on accrual basis as follows:

In case of fees based on fixed percentage of the corpus/fixed amount, income is accrued at the end of the quarter/month.

In case of fees, based on the returns of the portfolio, income is accounted on each anniversary as per the agreement.

#### **4.8 Scheme expenses**

Axis Asset Management Company Ltd.

*Fund Expenses*

Expenses of schemes of Axis Mutual Fund in excess of the stipulated limits as per SEBI (Mutual Fund) Regulations, 1996 and expenses incurred directly (inclusive of advertisement/brokerage expenses) on behalf of schemes of Axis Mutual Fund are charged to the Profit and Loss Account.

*New fund offer expenses*

Expenses relating to new fund offer of Axis Mutual Fund are charged to the Profit and Loss Account in the year in which they are incurred.

*Brokerage*

Clawbackable brokerages paid by the Company in advance is charged to the statement of Profit and Loss account over the claw-back period/tenure of the respective scheme. The unamortized portion of the clawbackable brokerage is carried forward as prepaid expense.

Upfront brokerage on closed ended and fixed tenure schemes is amortized over the tenure of the respective scheme and in case of Equity Linked Saving Scheme (ELSS), upfront brokerage is amortized over 3 years. The unamortized portion of the brokerage is carried forward as prepaid expense. Any other brokerage is expensed out in the year in which they are incurred.

#### **4.9 Fixed assets and depreciation/impairment**

Group

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation is provided on the straight-line method from the date of addition. Till the year ended 31 March, 2014, depreciation rates prescribed under Schedule XIV to the Companies Act, 1956, were treated as minimum rates and the Group was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013, prescribes useful lives of fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets:

<b>Asset</b>	<b>Estimated useful life*</b>
Owned premises	60 years
Computer hardware including printers	3 years
Application software	5 years
Vehicles	4 years
EPABX, telephone instruments	8 years
CCTV and video conferencing equipment	3 years
Mobile phone	2 years
Locker cabinets/cash safe/strong room door	10 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Assets at staff residence	3 years
All other fixed assets	10 years

\* The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Profit and Loss Account till the date of sale.

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Axis Bank Ltd.

#### *Change in estimated useful life of fixed assets*

During the year, the Bank has revised the estimated useful lives of the following fixed assets:

- Premises from 61 years to 60 years
- Locker cabinets/cash safe/strong room door from 16 years to 10 years

As a result of the aforesaid revision, the net depreciation charge for the year is higher by ₹3.69 crores with a corresponding decrease in the net block of fixed assets.

Profit on sale of premises is appropriated to Capital Reserve Account in accordance with RBI instructions.



#### **4.10 Lease transactions**

##### *Group*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

#### **4.11 Retirement and other employee benefits**

##### **Provident Fund**

Axis Bank Ltd.

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate.

Subsidiaries

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

##### **Gratuity**

Axis Bank Ltd.

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable.

Subsidiaries

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using Projected Unit Credit Method made at the end of each financial year.

Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

##### **Compensated Absences**

Group

Short term compensated absences are provided for based on estimates of encashment/availment of leave. The Group provides long term compensated absences based on actuarial valuation conducted by an independent actuary. The actuarial valuation is carried out as per the Projected Unit Credit Method as at 31 March each year.

Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

##### **Superannuation**

Axis Bank Ltd.

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic

salary to LIC, which undertakes to pay the lumpsum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

#### **4.12 Long Term Incentive Plan (LTIP)**

Axis Asset Management Company Ltd.

The Company has initiated Axis AMC - Long Term Incentive plan. The points granted to employees as per the guidelines laid down in the plan are encashable after they are held for a specified period as per the terms of the plan. The Company accounts for the liability arising on points granted proportionately over the period from the date of grant till the end of the exercise window. The liability is assessed and provided on the basis of valuation carried out by an independent valuer.

#### **4.13 Reward points**

Axis Bank Ltd.

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

#### **4.14 Taxation**

Group

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the Income tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

#### **4.15 Share issue expenses**

Axis Bank Ltd.

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

#### **4.16 Earnings per share**

Group

The Bank reports basic and diluted earnings per share in accordance with AS 20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts)

Rules, 2014. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end.

#### **4.17 Employee stock option scheme**

Axis Bank Ltd.

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have been repealed in the month of October, 2014 and were substituted by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme is in compliance with the said regulations. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidelines. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date is recognised as a deferred compensation cost and amortised on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

#### **4.18 Provisions, contingent liabilities and contingent assets**

Group

A provision is recognised when the Group has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Group; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## 18 Notes forming part of the consolidated financial statements for the year ended 31 March, 2015

(Currency: In Indian Rupees)

- 1 The shareholders of the Bank at the 20<sup>th</sup> Annual General Meeting held on 27 June 2014, approved the sub-division (split) of one equity share of the Bank from nominal value of ₹10/- each into five equity shares of nominal value of ₹2/- each. The record date for the sub-division was 30 July, 2014. All shares, stock options and per share information in the financial statements reflect the effect of sub-division (split) retrospectively for the earlier reporting periods.

### 2 Other Disclosures

- 2.1.1 'Provisions and contingencies' recognised in the Profit and Loss Account comprise of:

(₹ in crores)

For the year ended	31 March, 2015	31 March, 2014
Provision for income tax		
- Current tax for the year	3,987.93	3,533.43
- Deferred tax (Refer 2.1.11)	(153.17)	(363.18)
	3,834.76	3,170.25
Provision for wealth tax	0.93	0.42
Provision for non-performing assets (including bad debts written-off and write-backs)	1,788.61	1,295.98
Provision for restructured assets	(81.88)	194.76
Provision towards standard assets	292.75	293.07
Provision for depreciation in value of investments	(50.98)	(100.29)
Provision for unhedged foreign currency exposure	133.66	-
Provision for country risk	-	-
Provision for other contingencies	248.05	426.36
<b>Total</b>	<b>6,165.90</b>	<b>5,280.55</b>

- 2.1.2 During the year ended 31 March, 2015, the Bank has raised subordinated debt of ₹850 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
12 February, 2025	120 months	8.45%	₹850 crores

The Bank has not raised subordinated debt during the year ended 31 March, 2014.

The Bank has not redeemed subordinated debt during the year ended 31 March, 2015.

During the year ended 31 March, 2014, the Bank redeemed subordinated debt of ₹278.50 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
26 April, 2013	117 months	7.00%	₹65.00 crores
22 June, 2013	87 months	8.50%	₹125.00 crores
22 June, 2013	87 months	8.32%	₹5.00 crores
28 September, 2013	87 months	8.95%	₹33.50 crores
15 October, 2013	117 months	6.50%	₹50.00 crores

2.1.3 The Bank has not raised any hybrid capital during the year ended 31 March, 2015 and year ended 31 March, 2014.

#### 2.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March, 2015	31 March, 2014
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	<b>7,447.90</b>	6,310.12
Basic weighted average no. of shares (in crores)	<b>235.98</b>	234.52
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	<b>2.53</b>	0.58
Diluted weighted average no. of shares (in crores)	<b>238.51</b>	235.10
Basic EPS (₹)	<b>31.56</b>	26.91
Diluted EPS (₹)	<b>31.23</b>	26.84
Nominal value of shares (₹)	<b>2.00</b>	2.00

Dilution of equity is on account of 25,286,978 (previous year 5,847,940) stock options.

#### 2.1.5 Employee Stock Options Scheme ('the Scheme')

In February 2001, pursuant to the approval of the shareholders at the Extraordinary General Meeting, the Bank approved an Employee Stock Option Scheme. Under the Scheme, the Bank is authorised to issue upto 65,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. Further, over the period June 2004 to July 2013, pursuant to the approval of the shareholders at Annual General Meetings, the Bank approved an ESOP scheme for additional options aggregating 175,087,000. The options vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 240,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is also authorised to issue options to employees and directors of the subsidiary companies.

222,052,950 options have been granted under the Scheme till the previous year ended 31 March, 2014.

On 26 April, 2014, the Bank granted 9,922,500 stock options (each option representing entitlement to one equity share of the Bank) to its employees including the MD & CEO and employees of certain subsidiaries of the Bank at a price of ₹306.54 per option.

The Shareholders of the Bank at the Twentieth Annual General Meeting held on 27 June, 2014, approved the amendment to the exercise period from 3 years to 5 years from the date of vesting of options, in respect of the options granted with effect from April 2014 onwards.

Stock option activity under the Scheme for the year ended 31 March, 2015 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	54,227,780	100.65 to 289.51	244.45	2.44
Granted during the year	9,922,500	306.54	306.54	-
Forfeited during the year	(293,290)	100.65 to 306.54	253.57	-
Expired during the year	(727,765)	100.65 to 242.96	209.14	-
Exercised during the year	(21,299,434)	100.65 to 289.51	225.90	-
<b>Outstanding at the end of the year</b>	<b>41,829,791</b>	<b>100.65 to 306.54</b>	<b>269.17</b>	<b>3.13</b>
Exercisable at the end of the year	21,204,291	100.65 to 289.51	256.34	1.57

The weighted average share price in respect of options exercised during the year was ₹444.13.

Stock option activity under the Scheme for the year ended 31 March, 2014 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	54,325,125	93.78 to 289.51	218.09	2.69
Granted during the year	10,015,000	288.96	288.96	-
Forfeited during the year	(300,020)	93.78 to 289.51	230.43	-
Expired during the year	(361,900)	93.78 to 164.88	112.57	-
Exercised during the year	(9,450,425)	93.78 to 289.51	145.57	-
<b>Outstanding at the end of the year</b>	<b>54,227,780</b>	<b>100.65 to 289.51</b>	<b>244.45</b>	<b>2.44</b>
Exercisable at the end of the year	30,212,130	100.65 to 289.51	228.69	1.42

The weighted average share price in respect of options exercised during the year was ₹262.80.

#### *Fair Value Methodology*

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

	31 March, 2015	31 March, 2014
<b>Net Profit (as reported) (₹ in crores)</b>	<b>7,447.90</b>	6,310.12
Add: Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	<b>(90.26)</b>	(103.48)
<b>Net Profit (Proforma) (₹ in crores)</b>	<b>7,357.64</b>	6,206.64
<b>Earnings per share: Basic (in ₹)</b>		
As reported	<b>31.56</b>	26.91
Proforma	<b>31.18</b>	26.47
<b>Earnings per share: Diluted (in ₹)</b>		
As reported	<b>31.23</b>	26.84
Proforma	<b>30.87</b>	26.41

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March, 2015	31 March, 2014
Dividend yield	<b>1.32%</b>	1.36%
Expected life	<b>2.57-4.57 years</b>	2-4 years
Risk free interest rate	<b>8.62% to 8.78%</b>	7.45% to 7.57%
Volatility	<b>35.77% to 38.01%</b>	33.86% to 36.93%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the capitalize standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March, 2015 is ₹109.72 (previous year ₹87.77).

#### 2.1.6 Dividend paid on shares issued on exercise of stock options

The Bank may allot shares between the Balance Sheet date and record date for the declaration of dividend pursuant to the exercise of any employee stock options. These shares will be eligible for full dividend for the year ended 31 March, 2015, if approved at the ensuing Annual General Meeting. Dividend relating to these shares has not been recorded in the current year.

Appropriation to proposed dividend during the year ended 31 March, 2015 includes dividend of ₹3.41 crores (previous year ₹2.05 crores) paid pursuant to exercise of employee stock options after the previous year end but before the record date for declaration of dividend for the year ended 31 March, 2014.

#### 2.1.7 Segmental reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking, and Other Banking Business. These segments have been identified and based on RBI's revised guidelines on Segment Reporting issued on 18 April 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under.

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

Business segments in respect of operations of the subsidiaries (including step down subsidiaries) have been identified and reported taking into account the customer profile, the nature of product and services and the organisation structure.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment and fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose,

the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and internal benchmarks, has been used. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Segmental results are set out below:

(₹ in crores)

	31 March, 2015				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
<b>Segment Revenue</b>					
Gross interest income (external customers)	9,631.37	14,021.28	12,074.81	-	35,727.46
Other income	2,236.04	3,469.30	2,247.82	884.95	8,838.11
<b>Total income as per Profit and Loss Account</b>	<b>11,867.41</b>	<b>17,490.58</b>	<b>14,322.63</b>	<b>884.95</b>	<b>44,565.57</b>
Add/(less) inter segment interest income	39,936.35	4,209.43	14,070.80	-	58,216.58
<b>Total segment revenue</b>	<b>51,803.76</b>	<b>21,700.01</b>	<b>28,393.43</b>	<b>884.95</b>	<b>102,782.15</b>
Less: Interest expense (external customers)	10,296.55	545.78	10,498.93	-	21,341.26
Less: Inter segment interest expense	38,016.17	10,505.60	9,694.81	-	58,216.58
Less: Operating expenses	393.23	2,447.12	6,536.18	233.40	9,609.93
<b>Operating profit</b>	<b>3,097.81</b>	<b>8,201.51</b>	<b>1,663.51</b>	<b>651.55</b>	<b>13,614.38</b>
Less: Provision for non-performing assets/others*	13.36	1,861.60	455.25	0.93	2,331.14
<b>Segment result</b>	<b>3,084.45</b>	<b>6,339.91</b>	<b>1,208.26</b>	<b>650.62</b>	<b>11,283.24</b>
Less: Provision for tax					3,834.76
<b>Net Profit before minority interest and earnings from Associate</b>					<b>7,448.48</b>
Less: Minority Interest					1.94
Add: Share of Profit in Associate					1.36
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>7,447.90</b>
Segment assets	170,594.43	165,774.84	127,984.63	655.52	465,009.42
Unallocated assets					2,233.55
<b>Total assets</b>					<b>467,242.97</b>
Segment liabilities	155,708.13	80,846.22	184,273.04	98.02	420,925.41
Unallocated liabilities <sup>(1)</sup>					1,367.97
<b>Total liabilities</b>					<b>422,293.38</b>
<b>Net assets</b>	<b>14,886.30</b>	<b>84,928.62</b>	<b>(56,288.41)</b>	<b>557.50</b>	<b>44,949.59</b>
<b>Capital Expenditure for the year</b>	<b>13.31</b>	<b>161.16</b>	<b>350.08</b>	<b>10.45</b>	<b>535.00</b>
<b>Depreciation on fixed assets for the year</b>	<b>11.30</b>	<b>127.77</b>	<b>273.28</b>	<b>7.29</b>	<b>419.64</b>

<sup>(1)</sup> Includes minority interest of ₹31.14 crores



(₹ in crores)

	31 March, 2014				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
<b>Segment Revenue</b>					
Gross interest income (external customers)	8,703.49	12,687.69	9,344.78	-	30,735.96
Other income	2,102.41	3,251.37	1,669.57	742.90	7,766.25
<b>Total income as per Profit and Loss Account</b>	<b>10,805.90</b>	<b>15,939.06</b>	<b>11,014.35</b>	<b>742.90</b>	<b>38,502.21</b>
Add/(less) inter segment interest income	35,545.78	3,802.28	11,355.87	-	50,703.93
<b>Total segment revenue</b>	<b>46,351.68</b>	<b>19,741.34</b>	<b>22,370.22</b>	<b>742.90</b>	<b>89,206.14</b>
Less: Interest expense (external customers)	9,897.99	405.49	8,399.49	-	18,702.97
Less: Inter segment interest expense	33,763.53	9,370.03	7,570.37	-	50,703.93
Less: Operating expenses	389.48	2,188.10	5,464.07	167.87	8,209.52
<b>Operating profit</b>	<b>2,300.68</b>	<b>7,777.72</b>	<b>936.29</b>	<b>575.03</b>	<b>11,589.72</b>
Less: Provision for non-performing assets/others*	11.34	1,768.25	330.29	0.42	2,110.30
<b>Segment result</b>	<b>2,289.34</b>	<b>6,009.47</b>	<b>606.00</b>	<b>574.61</b>	<b>9,479.42</b>
Less: Provision for tax					3,170.25
<b>Net Profit before minority interest and earnings from Associate</b>					<b>6,309.17</b>
Less: Minority Interest					0.41
Add: Share of Profit in Associate					1.36
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>6,310.12</b>
Segment assets	143,030.97	135,293.22	105,686.95	441.62	384,452.76
Unallocated assets					1,897.30
<b>Total assets</b>					<b>386,350.06</b>
Segment liabilities	125,146.04	71,134.16	150,401.40	54.47	346,736.07
Unallocated liabilities <sup>(1)</sup>					1,217.94
<b>Total liabilities</b>					<b>347,954.01</b>
<b>Net assets</b>	<b>17,884.93</b>	<b>64,159.06</b>	<b>(44,714.45)</b>	<b>387.15</b>	<b>38,396.05</b>
<b>Capital Expenditure for the year</b>	<b>23.64</b>	<b>173.86</b>	<b>443.49</b>	<b>7.60</b>	<b>648.59</b>
<b>Depreciation on fixed assets for the year</b>	<b>12.93</b>	<b>97.74</b>	<b>260.62</b>	<b>4.17</b>	<b>375.46</b>

<sup>(1)</sup> Includes minority interest of ₹12.94 crores

\*represents material non-cash items other than depreciation

## Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014
Revenue	41,868.17	36,132.99	2,697.40	2,369.22	44,565.57	38,502.21
Assets	415,884.38	341,431.89	51,358.59	44,918.17	467,242.97	386,350.06
Capital Expenditure for the year	532.65	622.68	2.35	25.91	535.00	648.59
Depreciation on fixed assets for the year	411.61	368.38	8.03	7.08	419.64	375.46

### 2.1.8 Related party disclosure

The related parties of the Group are broadly classified as:

#### a) Promoters

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation and four Government-owned general insurance companies – New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

#### b) Key Management Personnel

- Mrs. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. Somnath Sengupta [Executive Director & Head (Corporate Centre)] upto 31 August, 2014
- Mr. V. Srinivasan [Executive Director & Head (Corporate Banking)]
- Mr. Sanjeev K. Gupta [Executive Director (Corporate Centre) & Chief Financial Officer] with effect from 4 September, 2014

#### c) Relatives of Key Management Personnel

Mr. Sanjaya Sharma, Mrs. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Mrs. Chaitaly Sengupta, Mrs. Renukona Sengupta, Mr. Niloy Sengupta, Mrs. Gayathri Srinivasan, Mrs. Vanjulam Varadarajan, Mr. V. Satish, Mrs. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Mrs. Poonam Gupta, Mr. Somya Gupta, Mr. Shubham Gupta, Mr. Rajeev Agarwal and Mr. Deepak Kumar Gupta.

#### d) Associate

- Bussan Auto Finance India Private Limited (upto 30 March, 2015)

Based on RBI guidelines, details of transactions with Associates are not disclosed since there is only one entity/party in this category. [Refer Schedule 17(2)(e)]

The significant transactions between the Bank and related parties during the year ended 31 March, 2015 and 31 March, 2014 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

- Dividend paid: Administrator of The Specified Undertaking of the Unit Trust of India ₹109.94 crores (previous year ₹175.00 crores), Life Insurance Corporation of India ₹127.35 crores (previous year ₹78.77 crores)

- Interest paid: Life Insurance Corporation of India ₹744.04 crores (previous year ₹928.77 crores)
- Interest received: Life Insurance Corporation of India ₹0.04 crores (previous year ₹0.16 crores), New India Assurance Company Ltd. ₹0.01 crores (previous year ₹0.09 crores) and Mr. Somnath Sengupta ₹0.10 crores (previous year ₹0.17 crores)
- Investment of related party in bonds of the Bank: Life Insurance Corporation of India ₹500.00 crores (previous year Nil)
- Investment of related party in the Bank: Mrs. Shikha Sharma ₹22.65 crores (previous year ₹7.35 crores), Mr. V. Srinivasan ₹6.81 crores (previous year ₹2.43 crores) and Mr. Somnath Sengupta ₹7.04 crores (previous year ₹0.89 crores)
- Redemption of subordinated debt: Life Insurance Corporation of India Nil (previous year ₹25.00 crores) and General Insurance Corporation of India Nil (previous year ₹15.00 crores)
- Sale of Investments: Life Insurance Corporation of India Nil (previous year ₹221.71 crores), General Insurance Corporation of India ₹211.06 crores (previous year ₹181.37 crores), New India Assurance Company Ltd. ₹50 crores (previous year ₹147.51 crores), National Insurance Company Ltd. ₹222.34 crores (previous year ₹109.97 crores), United India Insurance Company Ltd. ₹120.02 crores (previous year ₹79.12 crores)
- Management Contracts: Mrs. Shikha Sharma ₹4.18 crores (previous year ₹4.07 crores), Mr. Somnath Sengupta ₹4.51 crores (previous year ₹2.30 crores) and Mr. V. Srinivasan ₹2.46 crores (previous year ₹2.18 crores)
- Contribution to employee benefit fund: Life Insurance Corporation of India ₹16.04 crores (previous year ₹15.49 crores)
- Placement of Deposit by the Bank: Life Insurance Corporation of India ₹0.14 crores (previous year Nil)
- Non-funded commitments (net): Life Insurance Corporation of India ₹0.01 crores (previous year ₹0.02 crores), New India Assurance Company Ltd. ₹0.06 crores (previous year Nil) and Oriental Insurance Company Ltd. ₹0.01 crores (previous year ₹0.04 crores)
- Advance granted (net): Life Insurance Corporation of India Ltd. ₹0.04 crores (previous year Nil) and Mr. Somnath Sengupta Nil (previous year ₹0.83 crores)
- Advance repaid: Life Insurance Corporation of India Nil (previous year ₹27.91 crores), Mrs. Shikha Sharma ₹0.04 crores (previous year ₹0.03 crores), Mr. Somnath Sengupta ₹0.17 crores (previous year ₹1.22 crores) and Mr. Sanjeev K. Gupta ₹0.03 crores (previous year Nil)
- Receiving of services: Oriental Insurance Company Ltd. ₹61.47 crores (previous year ₹51.20 crores), New India Assurance Company Ltd. ₹8.28 crores (previous year ₹6.23 crores)
- Rendering of services: Life Insurance Corporation of India ₹1.81 crores (previous year ₹1.93 crores) and New India Assurance Company Ltd. ₹0.31 crores (previous year ₹0.28 crores)
- Other reimbursement to related party: Life Insurance Corporation of India ₹0.37 crores (previous year ₹0.39 crores)

The details of transactions of the Bank with its related parties during the year ended 31 March, 2015 are given below:

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	(₹ in crores)	
				Total	
Dividend paid	275.28	0.28	-	<b>275.56</b>	
Interest paid	810.09	0.30	0.28	<b>810.67</b>	
Interest received	0.05	0.12	-	<b>0.17</b>	

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Investment of related party in the Bank	-	39.74	-	<b>39.74</b>
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	550.00	-	-	<b>550.00</b>
Redemption of Subordinated Debt	-	-	-	-
Purchase of investments	-	-	-	-
Sale of investments	658.93	-	-	<b>658.93</b>
Management contracts	-	11.99	-	<b>11.99</b>
Contribution to employee benefit fund	16.04	-	-	<b>16.04</b>
Purchase of fixed assets	-	-	-	-
Sale of fixed assets	-	-	-	-
Placement of Deposits	0.14	-	-	<b>0.14</b>
Non-funded commitments (net)	0.08	-	-	<b>0.08</b>
Advance granted (net)	0.04	-	-	<b>0.04</b>
Advance repaid	-	0.23	-	<b>0.23</b>
Receiving of services	78.43	-	-	<b>78.43</b>
Rendering of services	2.18	-	-	<b>2.18</b>
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.37	-	-	<b>0.37</b>

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2015 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	8,347.06	1.78	4.52	<b>8,353.36</b>
Placement of deposits	0.30	-	-	<b>0.30</b>
Advances	1.02	0.77	0.02	<b>1.81</b>
Investment of related party in the Bank	132.42	0.17	-	<b>132.59</b>
Non-funded commitments	3.12	-	-	<b>3.12</b>
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	<b>3,370.00</b>
Payable under management contracts	-	0.90	-	<b>0.90</b>
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2015 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	13,937.88	15.50	6.61	<b>13,959.99</b>
Placement of deposits	0.30	-	-	<b>0.30</b>
Advances	50.43	1.61	-	<b>52.04</b>
Investment of related party in the Bank	138.78	0.17	-	<b>138.95</b>
Non-funded commitments	3.13	-	-	<b>3.13</b>
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	<b>3,370.00</b>
Payable under management contracts	-	0.90	-	<b>0.90</b>
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The details of transactions of the Bank with its related parties during the year ended 31 March, 2014 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	286.21	0.13	-	<b>286.34</b>
Interest paid	994.86	0.78	0.08	<b>995.72</b>
Interest received	0.27	0.17	-	<b>0.44</b>
Investment of related party in the Bank	-	10.68	-	<b>10.68</b>
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	-	-	-	-
Redemption of Subordinated Debt	40.00	-	-	<b>40.00</b>
Purchase of investments	-	-	-	-
Sale of investments	754.46	-	-	<b>754.46</b>
Management contracts	-	8.55	-	<b>8.55</b>
Contribution to employee benefit fund	15.49	-	-	<b>15.49</b>
Purchase of fixed assets	-	-	-	-
Sale of fixed assets	-	-	-	-
Non-funded commitments (net)	0.06	-	-	<b>0.06</b>
Advance granted (net)	-	0.83	-	<b>0.83</b>
Advance repaid	27.91	1.26	-	<b>29.17</b>
Receiving of services	67.60	-	-	<b>67.60</b>
Rendering of services	2.45	-	-	<b>2.45</b>
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.39	-	-	<b>0.39</b>

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2014 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	10,097.26	9.77	1.23	<b>10,108.26</b>
Placement of deposits	0.15	-	-	<b>0.15</b>
Advances	0.78	1.61	-	<b>2.39</b>
Investment of related party in the Bank	138.78	0.10	-	<b>138.88</b>
Non-funded commitments	3.07	-	-	<b>3.07</b>
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	2,765.00	-	-	<b>2,765.00</b>
Payable under management contracts	-	-	-	-
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2014 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	10,836.28	12.89	1.76	<b>10,850.93</b>
Placement of deposits	0.16	-	-	<b>0.16</b>
Advances	66.57	2.04	-	<b>68.61</b>
Investment of related party in the Bank	169.76	0.10	-	<b>169.86</b>
Non-funded commitments	3.09	-	-	<b>3.09</b>
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	3,817.30	-	-	<b>3,817.30</b>
Payable under management contracts	-	-	-	-
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

#### 2.1.9 Leases

*Disclosure in respect of assets taken on operating lease*

This comprise of office premises/ATMs, cash deposit machines, electronic data capturing machines and IT equipment.

(₹ in crores)

	31 March, 2015	31 March, 2014
Future lease rentals payable as at the end of the year:		
- Not later than one year	<b>630.57</b>	578.38
- Later than one year and not later than five years	<b>2,003.87</b>	1,828.59
- Later than five years	<b>997.41</b>	860.94
Total of minimum lease payments recognised in the Profit and Loss Account for the year	<b>667.43</b>	647.81

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

There are generally no undue restrictions or onerous clauses in the agreements.

#### 2.1.10 Other Fixed Assets (including furniture & fixtures)

The movement in fixed assets capitalised as application software is given below:

(₹ in crores)

Particulars	31 March, 2015	31 March, 2014
At cost at the beginning of the year	610.08	470.90
Additions during the year	132.03	141.03
Deductions during the year	(0.16)	(1.85)
Accumulated depreciation as at 31 March	(478.13)	(391.76)
Closing balance as at 31 March	263.82	218.32
Depreciation charge for the year	86.47	73.41

#### 2.1.11 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in crores)

As at	31 March, 2015	31 March, 2014
Deferred tax assets on account of provisions for doubtful debts	1,385.48	1,198.60
Deferred tax assets on account of amortization of HTM investments	37.70	191.25
Deferred tax assets on account of provision for employee benefits	75.99	69.83
Other deferred tax assets	441.19	325.17
<b>Deferred tax assets</b>	<b>1,940.36</b>	<b>1,784.85</b>
Deferred tax liability on account of depreciation on fixed assets	45.90	43.58
Other deferred tax liabilities	0.02	-
<b>Deferred tax liabilities</b>	<b>45.92</b>	<b>43.58</b>
<b>Net deferred tax asset</b>	<b>1,894.44</b>	<b>1,741.27</b>

#### 2.1.12 Employee Benefits

Group

##### Provident Fund

The contribution to the employee's provident fund (including Employee Pension Scheme) of the Group amounted to ₹118.57 crores for the year ended 31 March, 2015 (previous year ₹104.43 crores).

Axis Bank Ltd.

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date for the Bank.

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Provident Fund benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Current Service Cost	67.98	95.40
Interest on Defined Benefit Obligation	95.04	61.65
Expected Return on Plan Assets	(97.25)	(73.26)
Net Actuarial Losses/(Gains) recognised in the year	2.21	11.61
<b>Total included in "Employee Benefit Expense" [Schedule 16(l)]</b>	<b>67.98</b>	<b>95.40</b>
Actual Return on Plan Assets	93.26	114.68

Balance Sheet

Details of provision for provident fund

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Fair Value of Plan Assets	1,240.83	1,013.25
Present Value of Funded Obligations	(1,240.83)	(1,013.25)
<b>Net Asset</b>	<b>-</b>	<b>-</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	-	-
Assets	-	-
<b>Net Asset (included under Schedule 11 – Other Assets)</b>	<b>-</b>	<b>-</b>

Changes in the present value of the defined benefit obligation are as follows:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
<b><u>Change in Defined Benefit Obligation</u></b>		
<b>Opening Defined Benefit Obligation</b>	<b>1,013.25</b>	<b>713.56</b>
Current Service Cost	67.98	95.40
Interest Cost	95.04	61.65
Actuarial Losses/(Gains)	(1.78)	53.03
Employees Contribution	152.02	146.75
Liability transferred from/to other companies	0.71	0.63
Benefits Paid	(86.39)	(57.77)
<b>Closing Defined Benefit Obligation</b>	<b>1,240.83</b>	<b>1,013.25</b>



Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2015	31 March, 2014
<b><u>Change in the Fair Value of Assets</u></b>		
<b>Opening Fair Value of Plan Assets</b>	<b>1,013.25</b>	713.56
Expected Return on Plan Assets	<b>97.25</b>	73.26
Actuarial Gains/(Losses)	<b>(3.99)</b>	41.42
Employer contribution during the period	<b>67.98</b>	95.40
Employee contribution during the period	<b>152.02</b>	146.75
Assets transferred from/to other companies	<b>0.71</b>	0.63
Benefits Paid	<b>(86.39)</b>	(57.77)
<b>Closing Fair Value of Plan Assets</b>	<b>1,240.83</b>	1,013.25

Experience adjustments

(₹ in crores)

	31 March, 2015	31 March, 2014
Defined Benefit Obligations	<b>1,240.83</b>	1,013.25
Plan Assets	<b>1,240.83</b>	1,013.25
Surplus/(Deficit)	-	-
Experience Adjustments on Plan Liabilities	<b>(1.79)</b>	53.03
Experience Adjustments on Plan Assets	<b>(3.99)</b>	41.42

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

(₹ in crores)

	31 March, 2015	31 March, 2014
	%	%
Government securities	<b>52.84</b>	54.06
Bonds, debentures and other fixed income instruments	<b>30.13</b>	27.75
Equity shares	<b>12.15</b>	14.78
Others	<b>4.88</b>	3.41

**Principal actuarial assumptions as at the Balance Sheet date:**

	31 March, 2015	31 March, 2014
Discount rate for the term of the obligation	<b>8.00%</b>	9.15%
Average historic yield on the investment portfolio	<b>9.01%</b>	8.88%
Discount rate for the remaining term to maturity of the investment portfolio	<b>7.89%</b>	9.03%
Expected investment return	<b>9.12%</b>	9.00%
Guaranteed rate of return	<b>8.75%</b>	8.75%

**Superannuation**

The Bank contributed ₹15.99 crores to the employee's superannuation plan for the year ended 31 March, 2015 (previous year ₹15.49 crores).

Group

### Leave Encashment

The actuarial liability of compensated absences of accumulated privileged leave of the employees of the Group is given below.

(₹ in crores)

As at 31 March, 2015				
	Axis Bank Ltd.	Axis Capital Ltd.	Axis Securities Ltd.	Axis Asset Management Company Ltd.
Actuarial liability – Privilege Leave	210.76	0.11	0.09	0.31
Total Expense included under Schedule 16(I)	66.35	-*	0.61	0.31
<b>Assumptions</b>				
Discount rate	8.00% p.a.	7.92% p.a.	8.25% p.a.	7.76% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.	7.00% p.a.	9.00% p.a.
*less than ₹50,000				

(₹ in crores)

As at 31 March, 2014			
	Axis Bank Ltd.	Axis Capital Ltd.	Axis Securities Ltd.
Actuarial liability – Privilege Leave	179.10	0.11	0.06
Total Expense included under Schedule 16(I)	(114.72)	0.05	0.03
<b>Assumptions</b>			
Discount rate	9.15% p.a.	9.02% p.a.	8.70% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.	7.00% p.a.

Group

### Gratuity

The following tables summarize the components of net benefit expenses recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.

#### Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2015	31 March, 2014
Current Service Cost	26.19	24.68
Interest on Defined Benefit Obligation	16.69	12.81
Expected Return on Plan Assets	(12.56)	(11.14)
Net Actuarial Losses/(Gains) recognised in the year	20.56	(11.17)
Past Service Cost	-	-
<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>	<b>50.88</b>	15.18
Actual Return on Plan Assets	13.87	13.49

## Balance Sheet

### Details of provision for gratuity

	31 March, 2015	31 March, 2014
Present Value of Funded Obligations	(218.42)	(167.93)
Present Value of un-funded Obligations	(1.53)	(1.06)
Fair Value of Plan Assets	219.26	171.76
<b>Net (Liability)/Asset</b>	<b>(0.69)</b>	<b>2.77</b>

### Amounts in Balance Sheet

Liabilities (included under Schedule 5 – Other Liabilities)	(3.22)	(2.86)
Assets (included under Schedule 11 – Other Assets)	2.53	5.63
<b>Net (Liability)/Asset</b>	<b>(0.69)</b>	<b>2.77</b>

Changes in the present value of the defined benefit obligation are as follows:

	31 March, 2015	31 March, 2014
<b>Change in Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	<b>168.99</b>	147.25
Current Service Cost	26.19	24.68
Interest Cost	16.69	12.81
Actuarial Losses/(Gains)	21.17	(8.71)
Past Service Cost	-	-
Liabilities transferred in	-	0.22
Benefits Paid	(13.09)	(7.26)
<b>Closing Defined Benefit Obligation</b>	<b>219.95</b>	168.99

Changes in the fair value of plan assets are as follows:

	31 March, 2015	31 March, 2014
<b>Opening Fair Value of Plan Assets</b>	<b>171.76</b>	152.17
Expected Return on Plan Assets	12.56	11.14
Actuarial Gains/(Losses)	0.61	2.46
Contributions by Employer	47.31	13.25
Benefits Paid	(12.98)	(7.26)
<b>Closing Fair Value of Plan Assets</b>	<b>219.26</b>	171.76

## Experience adjustments

(₹ in crores)

	31 March, 2015	31 March, 2014	31 March, 2013	31 March, 2012	31 March, 2011
Defined Benefit Obligations	<b>219.95</b>	168.99	147.25	94.82	61.43
Plan Assets	<b>219.26</b>	171.76	152.17	98.21	63.62
Surplus/(Deficit)	<b>(0.69)</b>	2.77	4.92	3.39	2.19
Experience Adjustments on Plan Liabilities	<b>0.76</b>	7.45	4.66	27.31	1.55
Experience Adjustments on Plan Assets	<b>1.39</b>	2.30	2.07	0.48	(0.78)

Axis Bank Ltd.

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2015 %	31 March, 2014 %
Government securities	<b>39.17</b>	41.24
Bonds, debentures and other fixed income instruments	<b>41.35</b>	48.22
Money market instruments	<b>6.37</b>	7.85
Equity shares	<b>1.18</b>	2.34
Others	<b>11.93</b>	0.35

	31 March, 2015	31 March, 2014
<b>Principal actuarial assumptions at the Balance Sheet date:</b>		
Discount Rate	<b>8.00% p.a.</b>	9.15% p.a.
Expected rate of Return on Plan Assets	<b>7.50% p.a.</b>	7.50% p.a.
Salary Escalation Rate	<b>7.00% p.a.</b>	7.00% p.a.
Employee Turnover		
- 21 to 30 (age in years)	<b>19.00%</b>	19.00%
- 31 to 44 (age in years)	<b>8.00%</b>	8.00%
- 45 to 59 (age in years)	<b>4.00%</b>	4.00%

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the Balance Sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

The above information is as certified by the actuary and relied upon by the auditors.

Axis Capital Ltd.

	31 March, 2015	31 March, 2014
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	<b>100.00</b>	100.00

\*composition of plan assets is not available

	31 March, 2015	31 March, 2014
<b>Principal actuarial assumptions at the Balance Sheet date:</b>		
Discount Rate	7.92% p.a.	9.38% p.a.
Expected rate of Return on Plan Assets	7.92% p.a.	9.38% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	7.00%	7.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The Company expects to contribute ₹0.89 crores as gratuity in the year 2015-16.

Axis Asset Management Company Ltd.

	31 March, 2015	31 March, 2014
<b>Principal actuarial assumptions at the Balance Sheet date:</b>		
Discount Rate	7.76% p.a.	8.98% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	9.00% p.a.	9.00% p.a.
Employee Turnover	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Axis Securities Ltd.

	31 March, 2015	31 March, 2014
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00	100.00
*composition of plan assets is not available		

	31 March, 2015	31 March, 2014
<b>Principal actuarial assumptions at the Balance Sheet date:</b>		
Discount Rate	8.25% p.a.	8.70% p.a.
Expected rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	7.00%	7.00%

The estimates of future salary increases considered in actuarial valuation, take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

The Company expects to contribute ₹1 crore as gratuity in the year 2015-16.

Axis Finance Ltd.

	31 March, 2015	31 March, 2014
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00	100.00

\*composition of plan assets is not available

	31 March, 2015	31 March, 2014
<b>Principal actuarial assumptions at the Balance Sheet date:</b>		
Discount Rate	7.97% p.a.	9.38% p.a.
Expected rate of Return on Plan Assets	7.97% p.a.	9.38% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	5.00%	2.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company expects to contribute ₹0.09 crores as gratuity in the year 2015-16.

Axis Trustee Services Ltd.

	31 March, 2015
<b>Principal actuarial assumptions at the Balance Sheet date:</b>	
Discount Rate	7.90% p.a.
Expected rate of Return on Plan Assets	N.A.
Salary Escalation Rate	15.00% p.a.
Employee Turnover	20.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

#### 2.1.13 Provisions and contingencies

- a) Movement in provision for frauds included under other liabilities is set out below:

	31 March, 2015	31 March, 2014
Opening balance at the beginning of the year	14.06	13.97
Additions during the year	11.27	1.00
Reductions on account of payments during the year	(0.23)	(0.41)
Reductions on account of reversals during the year	(0.30)	(0.50)
<b>Closing balance at the end of the year</b>	<b>24.80</b>	<b>14.06</b>

- b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

	31 March, 2015	31 March, 2014
Opening provision at the beginning of the year	85.31	67.89
Provision made during the year	8.39	22.88
Reductions during the year	(10.51)	(5.46)
<b>Closing provision at the end of the year</b>	<b>83.19</b>	<b>85.31</b>

- c) Movement in provision for other contingencies is set out below:

	(₹ in crores)	
	31 March, 2015	31 March, 2014
Opening provision at the beginning of the year	821.61	396.46
Provision made during the year	824.50	785.93
Reductions during the year	(587.43)	(360.78)
<b>Closing provision at the end of the year</b>	<b>1,058.68</b>	<b>821.61</b>

The above provision includes contingent provision for advances/other exposures, legal cases and other contingencies.

#### 2.1.14 Description of contingent liabilities:

- a) Claims against the Group not acknowledged as debts

These represent claims filed against the Group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Group.

- b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate/currency futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

- c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

- d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

- e) Other items for which the Group is contingently liable

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts (with effect from current year), commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Group and the amount transferred to Depositor Education and Awareness Fund.

2.1.15 Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

**Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures**

**Part "A": Subsidiaries**

(₹ in crores)

As on/For the year ended 31 March, 2015									
	Axis Capital Ltd.	Axis Private Equity Ltd.	Axis Trustee Services Ltd.	Axis Mutual Fund Trustee Ltd.	Axis Asset Management Company Ltd.	Axis Bank UK Ltd.*	Axis Finance Ltd.	Axis Securities Ltd.	Axis Securities Europe Ltd.#^
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.	N.A.	N.A.	USD (US\$ 1 = ₹62.50)	N.A.	N.A.	GBP (GBP 1 = ₹92.47)
Share capital	73.50	15.00	1.50	0.05	210.11	343.75	318.25	144.50	9.25
Reserves & surplus	158.72	4.60	33.08	0.14	(85.75)	35.36	271.91	34.36	8.01
Total assets (Fixed Assets + Investments + Other Assets)	679.01	19.89	57.66	0.23	312.71	2,694.34	3,471.63	282.43	17.36
Total liabilities (Deposits + Borrowings + Other Liabilities + Provision)	446.79	0.29	23.08	0.04	188.35	2,315.23	2,881.47	103.57	0.10
Investments	8.61	12.00	-	0.16	2.75	787.08	1,353.92	1.50	-
Turnover (Total Income)	319.31	4.49	32.04	0.28	205.69	96.33	224.26	454.94	-
Profit/(Loss) before taxation	163.83	3.19	25.14	0.08	8.54	28.69	117.38	66.93	(0.12)
Provision for taxation	55.93	1.05	8.61	0.03	0.57	7.46	39.22	22.86	-
Profit/(Loss) after taxation	107.90	2.14	16.53	0.05	7.97	21.23	78.16	44.07	(0.12)
Proposed Dividend and Tax (including cess thereon)	61.92	-	13.54	-	-	-	-	-	-
% of shareholding	100%	100%	100%	75%	75%	100%	100%	100%	100%

The audited financial statements of the above subsidiaries (including step down subsidiaries) have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2015.

@ Asset/Liability items are stated in INR equivalent of USD (\$1 = ₹62.50 as on 31 March, 2015). Profit and loss items reported in INR based on rates prevailing on the date of transactions.

# Amount in INR equivalent of GBP (£1 = ₹92.47 as on 31 March, 2015)

^ Axis Securities Europe Ltd. is a wholly owned subsidiary of Axis Capital Ltd. (a wholly owned subsidiary of Axis Bank Ltd.)

1. Names of subsidiaries which are yet to commence operations: **Not Applicable**

2. Names of subsidiaries which have been liquidated or sold during the year: **Enam International Ltd., a wholly-owned subsidiary of Axis Capital Ltd. was voluntarily dissolved on 24 August, 2014.**



## Part "B": Associates and Joint Ventures

(₹ in crores)

Name of Associate/Joint Venture	Bussan Auto Finance India Private Ltd.
1. Latest audited Balance Sheet Date	-
2. Shares of Associate/Joint Ventures held by the company on the year end	-
No.	-
Amount of Investment in Associates/Joint Venture	-
Extend of Holding %	-
3. Description of how there is significant influence	-
4. Reason why the associate/joint venture is not Consolidated	-
5. Networth attributable to Shareholding as per latest audited Balance Sheet	-
6. Profit / Loss for the year	
i. Considered in Consolidation	1.36*
ii. Not Considered in Consolidation	-

\*represents share in profit upto the date of sale

- Names of associates or joint ventures which are yet to commence operations: **Not Applicable**
- Names of associates or joint ventures which have been liquidated or sold during the year: **Bussan Auto Finance India Private Ltd.**

### 2.1.16 Comparative figures.

Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

**For Axis Bank Ltd.**

**Sanjiv Misra**  
Chairman

**K. N. Prithviraj**  
Director

**V. R. Kaundinya**  
Director

**Samir K. Barua**  
Director

**S. Vishvanathan**  
Director

**Shikha Sharma**  
Managing Director & CEO

Date : 29 April, 2015  
Place : Mumbai

**Sanjeev Kapoor**  
Company Secretary

**V. Srinivasan**  
Executive Director  
& Head (Corporate Banking)

**Sanjeev K. Gupta**  
Executive Director (Corporate Centre)  
& Chief Financial Officer

# DISCLOSURES UNDER BASEL III CAPITAL REGULATIONS (CONSOLIDATED) FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015

## I. SCOPE OF APPLICATION AND CAPITAL ADEQUACY

### Name of the head of the banking group to which the framework applies: Axis Bank Limited

Axis Bank Limited (the 'Bank') is a commercial bank, which was incorporated on the 3<sup>rd</sup> December, 1993. The Bank is the controlling entity for all group entities. The consolidated financial statements of the Bank comprise the financial statements of Axis Bank Limited and its subsidiaries (including step-down subsidiaries) that together constitute the 'Group'. The Bank consolidates its subsidiaries in accordance with Accounting Standard 21 (AS-21) 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure.

### (i) Qualitative Disclosures

The list of group entities considered for consolidation is given below:

Name of the Entity/ Country of Incorporation	Included under Accounting Scope of Consolidation	Method of Consolidation	Included under Regulatory Scope of Consolidation	Method of Consolidation	Reasons for difference in the Method of Consolidation	Reasons, if Consolidated under only one of the Scopes of Consolidation
Axis Asset Management Company Limited/India	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	NA	NA
Axis Bank UK Limited/UK	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	NA	NA
Axis Capital Limited/India	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	NA	NA
Axis Finance Limited/India	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	NA	NA

\* NA – Not Applicable

<b>Name of the Entity/ Country of Incorporation</b>	<b>Included under Accounting Scope of Consolidation</b>	<b>Method of Consolidation</b>	<b>Included under Regulatory Scope of Consolidation</b>	<b>Method of Consolidation</b>	<b>Reasons for difference in the Method of Consolidation</b>	<b>Reasons, if Consolidated under only one of the Scopes of Consolidation</b>
Axis Mutual Fund Trustee Limited/India	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	NA	NA
Axis Private Equity Limited/ India	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	NA	NA
Axis Securities Limited/India	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	NA	NA
Axis Trustee Services Limited/India	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	NA	NA
Axis Securities Europe Limited/UK <sup>(1)</sup>	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21 – Consolidated Financial Statements	NA	NA

\* NA – Not Applicable

<sup>(1)</sup> Step-down subsidiary. 100% of its share capital is owned by Axis Capital Limited, a wholly owned subsidiary of the Bank.

There are no group entities that are not considered for consolidation under both the accounting scope of consolidation and regulatory scope of consolidation.

## (ii) Quantitative Disclosures

The list of group entities considered for consolidation as on 31<sup>st</sup> March 2015 is given below:

*(Amt. in millions)*

Name of the Entity/Country of Incorporation	Principal Activity of the Entity	Total Balance Sheet Equity*	Total Balance Sheet Assets
Axis Asset Management Company Limited/India	Asset Management company for Axis Mutual Fund	₹2,101	₹3,127
Axis Bank UK Limited/UK	Retail Banking, Corporate Banking, Commercial Banking and Treasury Services	₹3,437 (USD 55)	₹26,943 (USD 431)
Axis Capital Limited/India	Merchant Banking, Institutional Broking and Investment Banking Business	₹735	₹6,790
Axis Finance Limited/India	Non-Banking Financial activities	₹3,183	₹34,716
Axis Mutual Fund Trustee Limited/India	Trustee company for Axis Mutual Fund	₹1	₹2
Axis Private Equity Limited/India	Managing investments, venture capital funds and off-shore funds	₹150	₹199
Axis Securities Limited/India	Marketing of Retail Asset Products, Credit Cards and Retail Broking	₹1,445	₹2,824
Axis Trustee Services Limited/India	Trusteeship services	₹15	₹577
Axis Securities Europe Limited/UK	To advise and arranging deals in investments.	₹92 (GBP 1)	₹174 (GBP 2)

\* Paid-up Equity Capital

Note – There is no capital deficiency in any subsidiary, which is not included in the regulatory scope of consolidation.

As on 31<sup>st</sup> March 2015, the Bank does not have controlling interest in any insurance entity.

There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

## II. CAPITAL ADEQUACY

The Bank is subject to the capital adequacy guidelines stipulated by RBI, which are based on the framework of the Basel Committee on Banking Supervision. As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB) as on 31<sup>st</sup> March 2019. These guidelines on Basel III have been implemented on 1<sup>st</sup> April 2013 in a phased manner. The minimum capital required to be maintained by the Bank for the year ended 31<sup>st</sup> March 2015 is 9% with minimum Common Equity Tier 1 (CET1) of 5.5%.

An assessment of the capital requirement of the Bank is carried out through a comprehensive projection of future businesses that takes cognizance of the strategic intent of the Bank, profitability of particular businesses and opportunities for growth. The proper mapping of credit, operational and market risks to this projected business growth enables assignment of capital that not only adequately covers the minimum regulatory capital requirement but also provides headroom for growth. The calibration of risk to business is enabled by a strong risk culture in the Bank aided by appropriate, technology-based risk management systems. As part of the Internal Capital Adequacy Assessment Process (ICAAP), the Bank also assesses the adequacy of capital under stress. A summary of the Bank's capital requirement for credit, market and operational risk and the capital adequacy ratio as on 31<sup>st</sup> March 2015 is presented below:

(₹ in millions)

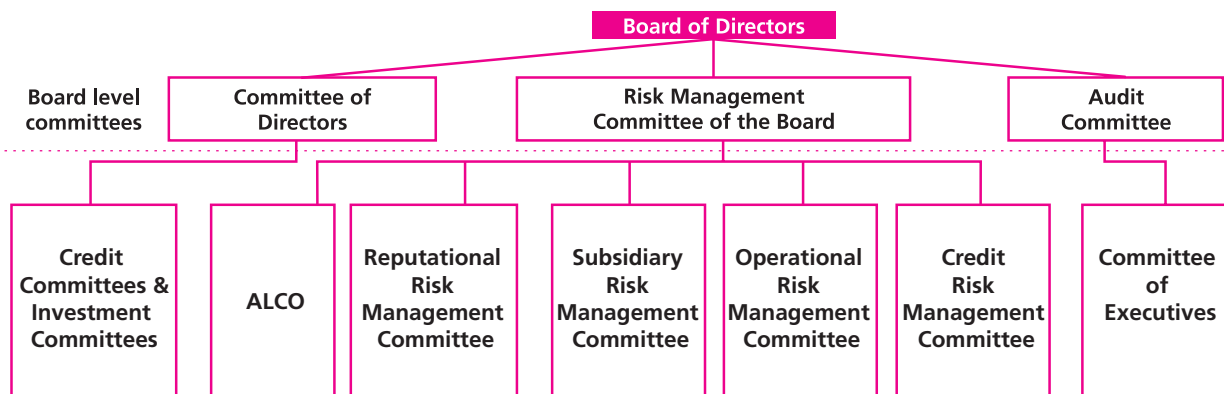
Capital Requirements for various Risks	Amount
CREDIT RISK	
Capital requirements for Credit Risk	
– Portfolios subject to standardised approach	268,331
– Securitisation exposures	-
MARKET RISK	
Capital requirements for Market Risk	
– Standardised duration approach	25,109
– Interest rate risk	21,125
– Foreign exchange risk (including gold)	270
– Equity risk	3,714
OPERATIONAL RISK	
Capital requirements for Operational risk	
– Basic indicator approach	24,320
Capital Adequacy Ratios	
	Consolidated
Common Equity Tier – 1 CRAR	12.14%
Tier – 1 CRAR	12.14%
Total CRAR	15.20%
	Standalone
Common Equity Tier – 1 CRAR	12.07%
Tier – 1 CRAR	12.07%
Total CRAR	15.09%

### III. RISK MANAGEMENT: OBJECTIVES AND ORGANISATION STRUCTURE

The wide variety of businesses undertaken by the Bank requires it to identify, measure, control, monitor and report risks effectively. The key components of the Bank's risk management rely on the risk governance architecture, comprehensive processes and internal control mechanism based on approved policies and guidelines. The Bank's risk governance architecture focuses on the key areas of risk such as credit, market (including liquidity) and operational risk and quantification of these risks, wherever possible, for effective and continuous monitoring and control.

#### Objectives and Policies

The Bank's risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors. The Board sets the overall risk appetite and philosophy for the Bank. The Committee of Directors, the Risk Management Committee and the Audit Committee of the Board, which are sub-committees of the Board, review various aspects of risk arising from the businesses of the Bank. Various senior management committees operate within the broad policy framework as illustrated below:

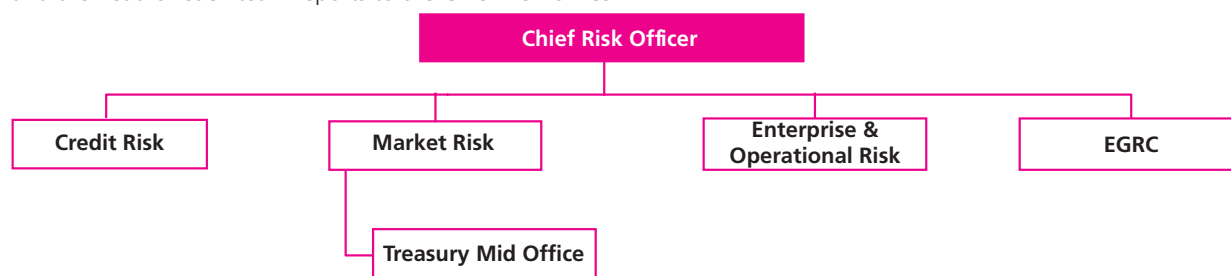


The Bank has put in place policies relating to management of credit risk, market risk, operational risk, reputation risk, subsidiary risk and asset-liability both for the domestic as well as overseas operations along with overseas subsidiaries as per the respective host regulatory requirements and business needs. The overseas policies are drawn based on the risk perceptions of these economies and the Bank's risk appetite.

The Bank has formulated a comprehensive Stress Testing Policy to measure impact of adverse stress scenarios on the adequacy of capital. The stress scenarios are idiosyncratic, market wide and a combination of both.

### Structure and Organisation

The Chief Risk Officer reports to the Managing Director and CEO and the Risk Management Committee of the Board oversees the functioning of the Department. The Department has four separate teams for Credit Risk, Market Risk (including Treasury Mid Office), Enterprise and Operational Risk and Enterprise Governance Risk and Compliance (EGRC) and the head of each team reports to the Chief Risk Officer.



## IV. CREDIT RISK

Credit risk refers to the deterioration in the credit quality of the borrower or the counter-party adversely impacting the financial performance of the Bank. The losses incurred by the Bank in a credit transaction could be due to inability or wilful default of the borrower in honouring the financial commitments to the Bank. The Bank is exposed to credit risk through lending and capital market activities.

### Credit Risk Management Policy

The Board of Directors establishes parameters for risk appetite which are defined through strategic businesses plan as well as the Corporate Credit Policy. Credit Risk Management Policy lays down the roles and responsibilities, risk appetite, key processes and reporting framework. Corporate credit is managed through rating of borrowers and the transaction, thorough due diligence through an appraisal process alongside risk vetting of individual exposures at origination and thorough periodic review (including portfolio review) after sanctioning. Retail credit to individuals and small business is managed through definition of product criteria, appropriate credit filters and subsequent portfolio monitoring.

### Credit Rating System

The foundation of credit risk management rests on the internal rating system. Rating linked single borrower exposure norms, delegation of powers and review frequency have been adopted by the Bank. The Bank has developed rating tools specific to market segments such as large and mid-corporates, SME, financial companies, microfinance companies and project finance to objectively assess underlying risk associated with such exposures.

The credit rating model uses a combination of quantitative and qualitative inputs to arrive at a 'point-in-time' view of the risk profile of counterparty. Each internal rating grade corresponds to a distinct probability of default over one year. Expert scorecards are used for various SME schematic products and retail agriculture schemes. Statistical application and behavioural scorecards have been developed for all major retail portfolios.

The Bank recognises cash, central/state government, bank and corporate guarantees, exclusive mortgage of properties and lease rental securitisation for the purpose of credit enhancement to arrive at a facility rating.

Model validation is carried out annually by objectively assessing the discriminatory power, calibration accuracy and stability of ratings. The Bank has completed the estimation and validation of PD, LGD and CCF models for corporate and retail portfolios.

## Credit Sanction and Related Processes

The guiding principles behind the credit sanction process are as under :

- 'Know Your Customer' is a leading principle for all activities.
- The acceptability of credit exposure is primarily based on the sustainability and adequacy of borrower's normal business operations and not based solely on the availability of security.

The Bank has put in place a hierarchical committee structure based on the size and rating of the exposures for credit sanction and review; with sanctioning authority rested with higher level committees for larger and lesser rated exposures. Committee of Directors (COD) is the topmost committee in the hierarchy which is a sub-committee of the Board.

All management level sanctioning committees require mandatory presence of a representative from Risk Department for quorum.

## Review and Monitoring

- All credit exposures, once approved, are monitored and reviewed periodically against the approved limits. Borrowers with lower credit rating are subject to more frequent reviews.
- Credit audit involves independent review of credit risk assessment, compliance with internal policies of the Bank and with the regulatory framework, compliance of sanction terms and conditions and effectiveness of loan administration.
- Customers with emerging credit problems are identified early and classified accordingly. Remedial action is initiated promptly to minimize the potential loss to the Bank.

## Concentration Risk

The Bank manages concentration risk by means of appropriate structural limits and borrower-wise limits based on credit-worthiness. Credit concentration in the Bank's portfolios is monitored for the following:

- Large exposures to the individual clients or group: The Bank has individual borrower-wise exposure ceilings based on the internal rating of the borrower as well as group-wise borrowing limits which are continuously tracked and monitored.
- Geographic concentration for real estate exposures.
- Concentration of unsecured loans to total loans and advances.
- Concentration by Industry: Industry analysis plays an important part in assessing the concentration risk within the loan portfolio. Industries are classified into various categories based on factors such as demand-supply, input related risks, government policy stance towards the sector and financial strength of the sector in general. Such categorization is used in determining the expansion strategy for the particular industry.

## Portfolio Management

Portfolio level risk analytics and reporting to senior management examines optimal spread of risk across various rating classes, undue risk concentration across any particular industry segments and delinquencies. Borrowers or portfolios are marked for early warning when signs of weakness or financial deterioration are envisaged in order that timely remedial actions may be initiated. In-depth sector specific studies are undertaken on portfolios vulnerable to extraneous shocks and the results are shared with the business departments. The Bank has a well-defined stress testing policy in place and at least on a quarterly basis, stress testing is undertaken on various portfolios to gauge the impact of stress situations on the health of portfolio, profitability and capital adequacy.

Retail lending portfolio is the blended mix of Consumer lending and Retail Rural lending portfolios. Secured products (like mortgage, wheels business) still commands a major share of the consumer lending portfolio, with prudent underwriting for unsecured lending (personal loans and credit card business) continuing during the current year. The Bank has developed a robust risk management framework at each stage of retail loan cycle i.e. loan acquisition, underwriting and collections.

Underwriting strategy relies on extensive usage of analytical scoring models which also takes inputs from bureau. The Bank uses 'Rules Engine' which helps customise business rules thereby aiding in faster decision making without compromising on the underlying risks. Senior Management takes note of movement and direction of risk reported through information published on structured dashboards.

### Definitions and Classification of Non-Performing Assets

Advances are classified into performing and non-performing asset (NPAs) as per RBI guidelines.

A non-performing asset (NPA) is a loan or an advance where;

- interest and/or installment of principal remains overdue for a period of more than 90 days in respect of a term loan,
- the account remains 'out-of-order' for a period of more than 90 days in respect of an Overdraft or Cash Credit (OD/CC),
- the bill remains overdue for a period of more than 90 days in case of bills purchased and discounted,
- a loan granted for short duration crops will be treated as an NPA if the installments of principal or interest thereon remain overdue for two crop seasons,
- a loan granted for long duration crops will be treated as an NPA if the installments of principal or interest thereon remain overdue for one crop season,
- in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.
- the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.

NPAs are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. A sub-standard asset is one, which has remained a NPA for a period less than or equal to 12 months. An asset is classified as doubtful if it has remained in the sub-standard category for more than 12 months. A loss asset is one where loss has been identified by the Bank or internal or external auditors or during RBI inspection but the amount has not been written-off fully.

### Definition of Impairment

At each balance sheet date, the Bank ascertains if there is any impairment in its assets. If such impairment is detected, the Bank estimates the recoverable amount of the asset. If the recoverable amount of the asset or the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account.

### CREDIT RISK EXPOSURES

#### Total Gross Credit Risk Exposure Including Geographic Distribution of Exposure – Position as on 31<sup>st</sup> March 2015

	(₹ in millions)		
	Domestic (Outstanding)	Overseas (Outstanding)	Total
Fund Based	3,621,156	529,234	4,150,390
Non Fund Based *	884,095	153,809	1,037,904
<b>Total</b>	<b>4,505,251</b>	<b>683,043</b>	<b>5,188,294</b>

\* Non-fund based exposures are bank guarantees issued on behalf of constituents and acceptances and endorsements.



## Distribution of Credit Risk Exposure by Industry Sector – Position as on 31<sup>st</sup> March 2015

(₹ in millions)

Industry Classification	Amount	
	Fund Based (Outstanding)	Non-Fund Based (Outstanding)
Banking and Finance	344,446	118,825
Beverage and Tobacco	5,743	9,279
Cement and Cement Products	31,004	9,121
Chemicals and Chemical products	74,951	84,542
- of which Petro Chemicals	6,994	40,481
- of which Drugs and Pharmaceuticals	30,324	11,499
Commercial Real Estate	112,570	20,850
Computer Software	22,763	16,968
Construction	20,455	28,276
Cotton Textiles	50,941	2,771
Edible Oils and Vanaspati	6,364	15,845
Engineering	71,884	110,773
- of which Electronics	5,196	1,320
Entertainment & Media	11,838	11,404
Food Processing	69,260	2,009
Gems and Jewellery	19,790	2,987
Glass and Glassware	4,488	2,667
Infrastructure (excluding Power)	213,862	190,459
- of which Roads and Ports	79,222	15,383
- of which Telecommunications	15,439	84,976
Iron and Steel	95,294	35,080
Jute Textiles	265	9
Leather and Leather Products	1,706	48
Metal and Metal Products	65,620	28,695
Mining and Quarrying (incl. Coal)	31,240	5,644
NBFCs	39,006	11,001
Other Textiles	21,138	2,664
Paper and Paper Products	15,640	6,477
Petroleum, Coal Products and Nuclear Fuels	16,300	26,843
Power Generation & Distribution	169,095	83,056
Professional Services	51,350	3,429
Rubber, Plastic and their Products	18,705	4,430
Shipping Transportation & Logistics	38,584	6,303
Sugar	7,769	3,233
Tea	6,748	1,463
Trade	144,465	67,948
Vehicles, Vehicle Parts and Transport Equipments	27,954	3,528
Wood and Wood Products	2,686	1,558
Other Industries	176,540	72,134
Residual Exposures	2,159,926	47,585
- of which Other Assets	111,215	-
- of which Banking Book Investments	651,501	-
- of which Retail, Agriculture & Others	1,397,210	47,585
<b>Total</b>	<b>4,150,390</b>	<b>1,037,904</b>

As on 31<sup>st</sup> March 2015, the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure (outstanding):

Sr. No.	Industry Classification	Percentage of the total gross credit exposure
1.	Banking & Finance	9%
2.	Infrastructure	8%

#### Residual Contractual Maturity Breakdown of Assets – Position as on 31<sup>st</sup> March 2015\*

(₹ in millions)

Maturity Bucket	Cash	Balances with RBI	Balances with other banks#	Investments	Advances	Fixed Assets	Other assets
1 day	42,154	35,395	16,975	141,743	33,838	-	1,929
2 to 7 days	-	-	112,108	28,720	16,465	-	11,577
8 to 14 days	-	-	2,667	14,669	26,451	-	10,079
15 to 28 days	-	-	14,098	14,431	46,110	-	24,513
29 days to 3 months	-	15,398	1,198	122,173	164,558	-	3,156
Over 3 months and upto 6 months	-	10,378	5,014	96,250	126,924	-	7,221
Over 6 months and upto 12 months	-	15,440	15,411	172,886	209,723	-	8,237
Over 1 year and upto 3 years	-	24,078	3,985	196,448	589,954	6	4,450
Over 3 years and upto 5 years	-	7,654	445	109,581	342,570	-	123
Over 5 years	-	47,691	-	448,063	1,290,192	25,545	35,998
<b>Total</b>	<b>42,154</b>	<b>156,034</b>	<b>171,901</b>	<b>1,344,964</b>	<b>2,846,785</b>	<b>25,551</b>	<b>107,283</b>

\* Intra-group adjustments are excluded

# including money at call and short notice

#### Movement of NPAs and Provision for NPAs (including NPIs) – Position as on 31<sup>st</sup> March 2015

(₹ in millions)

Particulars	Amount
<b>A. Amount of NPAs (Gross)</b>	41,102
- Substandard	10,584
- Doubtful 1	8,968
- Doubtful 2	5,958
- Doubtful 3	451
- Loss	15,141
<b>B. Net NPAs</b>	13,167

(₹ in millions)

Particulars	Amount
<b>C. NPA Ratios</b>	
- Gross NPAs (including NPLs) to gross advances (%)	1.43%
- Net NPAs (including NPLs) to net advances (%)	0.46%
<b>D. Movement of NPAs (Gross)</b>	
- Opening balance as on 1st April 2014	31,464
- Additions	28,544
- Reductions	18,906
- Closing balance as on 31 <sup>st</sup> March 2015	41,102
<b>E. Movement of Provision for NPAs</b>	
- Opening balance as on 1 <sup>st</sup> April 2014	20,863
- Provision made in 2014-15 #	18,125
- Transfer from restructuring provision	200
- Write-offs/Write-back of excess provision	(12,265)
- Closing balance as on 31 <sup>st</sup> March 2015	26,923

#includes ₹109 million due to effect of exchange rate fluctuation.

**NPLs and Movement of Provision for Depreciation on Investments – Position as on 31<sup>st</sup> March 2015**

(₹ in millions)

	Amount
A. Amount of Non-Performing Investments	2,433
B. Amount of Provision held for Non-performing investments	2,105
C. Movement of provision for depreciation on investments	
- Opening balance as on 1 <sup>st</sup> April 2014	1,233
- Provision made in 2014-15	522
- Write-offs/Write-back of excess provision	(1,032)
- Closing balance as on 31 <sup>st</sup> March 2015	723

**Credit Risk: Use of Rating Agency under the Standardised Approach**

The RBI guidelines on capital adequacy require banks to use ratings assigned by specified External Credit Assessment Agencies (ECAIs) namely Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA for domestic counterparties and Standard & Poor's, Moody's and Fitch for foreign counterparties.

The Bank is using issuer ratings and short-term and long-term instrument/bank facilities' ratings which are assigned by the accredited rating agencies viz. Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA and published in the public domain to assign risk-weights in terms of RBI guidelines. In respect of claims on non-resident corporates and foreign

banks, ratings assigned by international rating agencies i.e. Standard & Poor's, Moody's and Fitch is used. For exposures with contractual maturity of less than one year, a short-term rating is used. For cash credit facilities and exposures with contractual maturity of more than one year, long-term rating is used.

Issue ratings would be used if the Bank has an exposure in the rated issue and this would include fund-based and non-fund based working capital facilities as well as loans and investments. In case the Bank does not have exposure in a rated issue, the Bank would use the issue rating for its comparable unrated exposures to the same borrower, provided that the Bank's exposures are pari-passu or senior and of similar or lesser maturity as compared to the rated issue. Structured Obligation (SO) ratings are not used unless the Bank has a direct exposure in the 'SO' rated issue. If an issuer has a long-term or short-term exposure with an external rating that warrants a risk weight of 150%, all unrated claims on the same counterparty, whether short-term or long-term, also receive 150% risk weight, unless the Bank uses recognised credit risk mitigation techniques for such claims.

Issuer ratings provide an opinion on the general credit worthiness of the rated entities in relation to their senior unsecured obligations. Therefore, issuer ratings would be directly used to assign risk-weight to unrated exposures of the same borrower.

#### **Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk-Weight – Position as on 31<sup>st</sup> March 2015**

	(₹ in millions)
	<b>Amount</b>
Below 100% risk weight	3,202,021
100% risk weight	1,326,267
More than 100% risk weight	660,006
Deduction from capital funds	-

#### **V. CREDIT RISK MITIGATION**

The Bank uses various collaterals both financial as well as non-financial, guarantees and credit insurance as credit risk mitigants. The main financial collaterals include bank deposits, National Savings Certificate/Kisan Vikas Patra/Life Insurance Policy and gold, while main non-financial collaterals include land and building, plant and machinery, residential and commercial mortgages. The guarantees include guarantees given by corporate, bank and personal guarantees. This also includes loans and advances guaranteed by Export Credit & Guarantee Corporation Limited (ECGC), Credit Guarantee Fund Trust for Small Industries (CGTSI), Central Government and State Government.

The Bank has in place a collateral management policy, which underlines the eligibility requirements for Credit Risk Mitigants (CRM) for capital computation as per Basel III guidelines. The Bank reduces its credit exposure to counterparty with the value of eligible financial collateral to take account of the risk mitigating effect of the collateral. To account for the volatility in the value of collateral, haircut is applied based on the type, issuer, maturity, rating and re-margining/ revaluation frequency of the collateral. The Bank revalues various financial collaterals at varied frequency depending on the type of collateral. The Bank has a valuation policy that covers processes for collateral valuation and empanelment of valuers.

#### **Details of Total Credit Exposure (after on or off Balance Sheet Netting) as on 31<sup>st</sup> March 2015**

	(₹ in millions)
	<b>Amount</b>
Covered by :	
- Eligible financial collaterals after application of haircuts	224,138
- Guarantees/credit derivatives	73,260

## VI. SECURITISATION

The primary objectives for undertaking securitisation activity by the Bank are enhancing liquidity, optimisation of usage of capital and churning of the assets as part of risk management strategy.

The securitisation of assets generally being undertaken by the Bank is on the basis of 'True Sale', which provides 100% protection to the Bank from default. The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

The Bank may also invest in securitised instruments which offer attractive risk adjusted returns. The Bank enters into purchase/sale of corporate and retail loans through direct assignment/SPV. In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank however does not follow the originate to distribute model and pipeline and warehousing risk is not material to the Bank.

Valuation of securitised exposures is carried out in accordance with the Fixed Income Money Market and Derivatives Association (FIMMDA)/RBI guidelines. Gain on securitisation is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to profit and loss account. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29 'Provisions, contingent liabilities and contingent assets'.

The Bank follows the standardized approach prescribed by the RBI for the securitisation activities. The Bank uses the ratings assigned by various external credit rating agencies viz. Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA for its securitisation exposures.

All transfers of assets under securitisation were effected on true sale basis. However, in the financial year ended 31<sup>st</sup> March 2015, the Bank has not securitised any asset.

### A. Banking Book

#### Details of Exposure Securitised by the Bank and subject to Securitisation Framework

(₹ in millions)		
Sr. No.	Type of Securitisation	Amount
i	Total amount of exposures securitised	-
ii	Losses recognised by the Bank during the current period	-
iii	Amount of assets intended to be securitised within a year	-
	Of which	
	- Amount of assets originated within a year before securitisation	-
iv	Amount of exposures securitised	
	- Corporate Loans	-
v	Unrecognised gain or losses on sale	
	- Corporate Loans	-

#### Aggregate amount of Securitisation Exposures Retained or Purchased as on 31<sup>st</sup> March 2015 is given below

(₹ in millions)			
Sr. No.	Type of Securitisation	On Balance Sheet	Off Balance Sheet
i	Retained	-	-
ii	Securities purchased	-	-
iii	Liquidity facility	-	-
iv	Credit enhancement (cash collateral)	-	-
v	Other commitments	-	-

## Risk-weight wise Bucket Details of the Securitisation Exposures on the Basis of Book-Value

	(₹ in millions)	
	Amount	Capital charge
Below 100% risk weight	-	-
100% risk weight	-	-
More than 100% risk weight	-	-
<b>Deductions</b>		
- Entirely from Tier I capital	-	-
- Credit enhancing I/Os deducted from Total Capital	-	-
- Credit enhancement (cash collateral)	-	-

## B. Trading Book

### Details of Exposure Securitised by the Bank and subject to Securitisation Framework

(₹ in millions)		
Sr. No.	Type of Securitisation	Amount
i	Aggregate amount of exposures securitised by the Bank for which the Bank has retained some exposures and which is subject to the market risk approach	-

### Aggregate amount of Securitisation Exposures Retained or Purchased as on 31<sup>st</sup> March 2015 is given below

(₹ in millions)			
Sr. No.	Type of Securitisation	On Balance Sheet*	Off Balance Sheet
i	Retained	-	-
ii	Securities purchased		
	- Corporate Loans	1	-
	- Lease Rental	2,234	-
	- Priority Sector (auto pool & micro finance)	8,258	-
iii	Liquidity facility	-	-
iv	Credit enhancement (cash collateral)	-	-
v	Other commitments	-	-

\* includes outstanding balance of PTCs purchased in earlier years also

## Risk-weight wise Bucket Details of the Securitisation Exposures on the Basis of Book-Value

		(₹ in millions)	
		Amount	Capital charge
i	Exposures subject to Comprehensive Risk Measure for specific risk		
	- Retained	-	-
	- Securities purchased	-	-
ii	Exposures subject to the securitisation framework for specific risk		
	Below 100% risk weight	10,493	345
	100% risk weight	-	-
	More than 100% risk weight	-	-
iii	Deductions		
	- Entirely from Tier I capital	-	-
	- Credit enhancing I/Os deducted from Total Capital	-	-
	- Credit enhancement (cash collateral)	-	-

## VII. MARKET RISK IN TRADING BOOK

Market risk is the risk of loss to the Bank's earnings and capital due to changes in the market level of interest rates, price of securities, foreign exchange rates and equities' price, as well as the volatilities of those changes. The Bank is exposed to market risk through its investment activities and also trading activities, which are undertaken for customers as well as on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its trading, investment and asset/liability portfolios. For market risk management, the Bank has:

- Board approved market risk policies and guidelines which are aligned to the regulatory guidelines and based on experiences gained over the years. The policies are reviewed periodically keeping in view regulatory changes, business requirements and market developments.
- Process manual which are updated regularly to incorporate and document the best practices.
- Market risk identification through elaborate mapping of the Bank's main businesses to various market risks.
- Statistical measures like Value at Risk (VaR), supplemented by stress tests, back tests and scenario analysis.
- Non-statistical measures like position limits, marked-to-market (MTM), gaps and sensitivities (mark-to-market, position limits, duration, PVBP, option Greeks).
- Management Information System (MIS) for timely market risk reporting to senior management functionaries. Key risk metrics are presented to the Risk Management Committee of the Board through Risk Dash-Boards.

Risk limits such as position limits, stop-loss limits, alarm limits, gaps and sensitivities (duration, PVBP, option Greeks) are set up and reviewed periodically, based on a number of criteria including regulatory guidelines, relevant market analysis, business strategy, size of the investment and trading portfolio, management experience and the Bank's risk appetite. These limits are monitored on an intra-day/daily basis by the Treasury Mid-office and the exceptions are put up to ALCO and Risk Management Committee of the Board.

The Bank uses Historical Simulation and its variants for computing VaR for its trading portfolio. VaR is calculated and reported on a daily basis for the trading portfolios at a 99% confidence level for a one-day holding period, using 250 days of historical data or one year of relative changes in historical rates and prices. The model assumes that the risk factor changes observed in the past are a good estimate of those likely to occur in the future and is, therefore, limited by the

relevance of the historical data used. The method, however, does not make any assumption about the nature or type of the loss distribution. The VaR models for different portfolios are back-tested at regular intervals and the results are used to maintain and improve the efficacy of the model.

The VaR measure is supplemented by a series of stress tests and sensitivity analysis that estimates the likely behaviour of a portfolio under extreme but plausible conditions and its impact on earnings and capital. The Bank undertakes stress tests for market risks for its trading book, IRS, forex open position and forex gaps on a monthly basis as well as for liquidity risk at the end of each quarter. The Bank has built its capabilities to migrate to advanced approach i.e. Internal Models Approach for assessment of market risk capital.

### **Concentration Risk**

The Bank has allocated the internal risk limits in order to avoid concentrations, wherever relevant. For example, the Aggregate Gap Limit, Net Open Position and daylight limits are allocated to various currencies and maturities into Individual Gap Limits to monitor concentrations. Similarly, stop-loss limits and duration limits have been set up for different categories within a portfolio. Within the overall PV01 limit, a sub-limit is set up which is not expected to be breached by trades linked to any individual benchmark. Some of the limits like currency wise net open position, stop loss limits and PV01 limits are allocated dealer-wise also, based on their skill and experience, to avoid build up of positions in a single dealer's book.

### **Liquidity Risk**

Liquidity Risk is the current and prospective risk to earnings or capital arising from a Bank's inability to meet its current or future obligations on the due date. Liquidity risk is two-dimensional viz., risk of being unable to fund portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate an asset in a timely manner at a reasonable price (asset dimension).

The goal of Liquidity Risk Management is to meet all commitments on the due date and also be able to fund new investment opportunities by raising sufficient funds in the form of increasing fresh liabilities or by expeditious asset sell-off without incurring unacceptable losses, both under normal and adverse conditions. These objectives are ensured by setting up policies, operational level committees, measurement tools and monitoring and reporting mechanism using effective use of IT systems for availability of quality data.

The Bank manages its liquidity on a static as well as dynamic basis using various tools such as gap analysis, ratio analysis, dynamic liquidity statements, intraday liquidity monitoring tools and scenario analysis. The Bank's ALM policy defines the tolerance limits for its structural liquidity position. The Liquidity Policy for the domestic operations as well as for the overseas branches lay down the operational framework for prudent risk management in the Bank. The liquidity profile of the Bank is analysed on a static basis by tracking all cash inflows and outflows in the maturity ladder based on the actual maturity and expected occurrence (for non-maturity items) of cash flows. The liquidity profile of the Bank is also estimated on a dynamic basis by considering the growth in deposits and loans, investment obligations, etc. for a short-term period of three months. The Bank undertakes behavioral analysis of the non-maturity products viz. savings and current deposits and cash credit/overdraft accounts on a periodic basis, to ascertain the volatility of residual balances in those accounts. The renewal pattern and premature withdrawals of term deposits and drawdown of unavailed credit limits are also captured through behavioral studies. The concentration of large deposits is monitored on a periodic basis.

The Bank's ability to meet its obligations and fund itself in a crisis scenario is critical and accordingly, liquidity stress tests are conducted under different scenarios at periodical intervals to assess the impact on liquidity to withstand stressed conditions. The liquidity positions of overseas branches are managed in line with the Bank's internal policies and host country regulations. Such positions are also reviewed centrally by the Bank's ALCO along with domestic positions.

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR).

### **Counterparty Risk**

The Bank has a Counterparty Risk Management Policy incorporating well laid-down guidelines, processes and measures for counterparty risk management. The policy includes separate counterparty rating models for commercial banks,



foreign banks and co-operative banks for determining maximum permissible exposure limits for counterparties. The key financials, quality of management and the level of corporate governance are captured in the counterparty rating model. Counterparty limits are monitored and reported daily and internal triggers have been put in place to guard against breach in limits. Credit exposures to issuer of bonds, advances etc. are monitored separately under the prudential norms for exposure to a single borrower as per the Bank's Corporate Credit Risk Policy or Investment Policy, as applicable. The counterparty exposure limits are reviewed at periodic intervals based on the financials of the counterparties, business need, past transaction experiences and market conditions. The Bank has also put in place the 'Derivatives and Suitability & Appropriateness Policy' and Loan Equivalent Risk (LER) Policy to evaluate counterparty risk arising out of all customer derivatives contracts.

### Country Risk

The Bank has a country risk management policy containing the guidelines, systems and processes to effectively identify, assess, monitor and control its country risk exposures. Based on the risk profiling, countries are classified under seven categories i.e. insignificant, low, moderate, high, very high, restricted and off-credit. Risk profiling is based on the ratings provided by Export Credit Guarantee Corporation of India Ltd. (ECGC), Dun & Bradstreet, Standard & Poor's Banking Industry Country Risk Assessment (BICRA), inputs received from overseas branches/business departments, reports published by various agencies viz. Moody's, Standard & Poor's, Fitch and other publications of repute. The categorisation of countries is reviewed at quarterly intervals or at more frequent intervals if situations so warrant. An exposure to a country comprises all assets, both funded and non-funded, that represents claims on residents of another country. The Bank has in place both category wise and country wise exposure limits. The Bank monitors country risk exposures through a process of trigger limits as well as prior approval system for select categories viz. high, very high, restricted and off-credit to ensure effective monitoring and management of exposures. As a proactive measure of country risk management, Risk department issues 'Rating Watch' from time to time. Further, based on country-specific developments, the concerned business departments are provided updates on countries which have high probability of a rating downgrade.

### Risk Management Framework for Overseas Operations

The Bank has put in place separate risk management policies for each of its overseas branches in Singapore, Hong Kong, Dubai, Colombo and Shanghai. These country-specific risk policies are based on the host country regulators' guidelines and in line with the practices followed for the Indian operations. The Asset Liability Management and all the risk exposures for the overseas operations are monitored centrally at the Central Office.

### Capital Requirement for Market Risk – Position as on 31<sup>st</sup> March 2015

(₹ in millions)	
Type	Amount of Capital Required
Interest rate risk	21,125
Equity position risk	3,714
Foreign exchange risk (including gold)	270

## VIII. OPERATIONAL RISK

### Strategies and Processes

Operational Risk (OR) is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risk management policy documents the Bank's approach towards management of operational risk and defines the roles and responsibilities of the various stakeholders within the Bank. The policy also comprises the detailed framework for operational risk loss data collection, risk and control self-assessment and key risk indicator framework.

Based on the above policy the Bank has initiated several measures to manage operational risk. The Bank has put in place a hierarchical structure to effectively manage operational risk through the formation of several internal committees viz., Operational Risk Management Committee, Product Management Committee, Change Management Committee, Outsourcing Committee, Business Continuity Management Committee (BCMC), and IT Security Committee.

## Structure and Organisation

The Risk Management Committee (RMC) of the Board at the apex level is the policy making body. The RMC is supported by the Operational Risk Management Committee (ORMC), consisting of Senior Management personnel, which is responsible for implementation of the Operational Risk policies of the Bank. This internal committee oversees the implementation of the OR framework and oversees the management of operational risks across the Bank. A sub-committee of ORMC (Sub-ORMC) has been constituted to assist the ORMC in discharging its functions by deliberating the operational risk issues in detail and escalating the critical issues to ORMC. A dedicated operational risk management unit ensures management of operational risk. A representative of the Risk department is also a permanent member of control committees on product management covering approval of new products, change management of processes, outsourcing, business continuity management and IT Security.

## Scope and Nature of Operational Risk Reporting and Measurement Systems

A systematic process for reporting risks, losses and non-compliance issues relating to operational risks has been developed and implemented. The information gathered is being used to develop triggers to initiate corrective actions to improve controls. Critical risks and major loss events are reported to the Senior Management/ORMC.

The Bank has further enhanced its capability for effective management of operational risk with the implementation of an Enterprise Governance Risk and Compliance platform (SAS-EGRC). The IT platform acts as the single repository of processes and operational, compliance and financial reporting risks. It facilitates capturing of individual risks and the effectiveness of their controls, tagging of identified risks to processes and products, originates action plans and acts as a repository of all operational risk events. The roll out of the SAS-EGRC system has been completed.

## Policies for Hedging and Mitigating Operational risk

An Operational Risk Management Policy approved by the Risk Management Committee of the Board details the framework for managing and monitoring operational risk in the Bank. Business units put in place basic internal controls as approved by the Product Management Committee to ensure appropriate controls in the operating environment throughout the Bank. As per the policy, all new products are being vetted by the Product Management Committee to identify and assess potential operational risks involved and suggest control measures to mitigate the risks. Each new product or service introduced is subject to a risk review and sign off process. Similarly, any changes to the existing products/processes are being vetted by the Change Management Committee.

Key Risk Indicators (KRIs) have been developed for various Business Units for the Bank for effective monitoring of key operational risks. KRIs for the branches have also been launched as a new initiative to help branches to manage operational risk better. The Bank wide trainings are being periodically conducted by the Operational Risk Department.

The Bank has adopted BCP and IT Disaster Recovery Policy wherein critical activities and system applications have been defined, recovery plan is in place for these critical activities and system applications to ensure timely recovery of the Bank's critical products and services in the event of an emergency.

Regular tests have been carried out to ascertain BCP preparedness. The test reports are shared with senior management on a regular frequency. Business Continuity Management Committee (BCMC) has been formed comprising of senior functionaries of the Bank, which monitors BCM framework implementation in the Bank. A sub-committee of the BCMC (sub-BCMC) has been also formed to review and recommend measures to strengthen BCM framework in the Bank.

## Approach for Operational Risk Capital Assessment

As per the RBI guidelines, the Bank has followed the Basic Indicator Approach for computing the capital for operational risk for the year ending 31<sup>st</sup> March 2015. Based on the measures outlined above, the Bank is preparing itself for migration to the Advanced Measurement Approach of capital computation for operational risk under Basel III.

## IX. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Interest Rate Risk in the Banking Book is measured and monitored according to the guidelines laid out in the Bank's Asset Liability Management (ALM) Policy based on the guidelines of RBI's presented in the document "Guidelines on Banks' Asset Liability Management Framework – Interest Rate Risk" dated 4<sup>th</sup> November 2010. Interest Rate Risk is measured for

the (a) entire balance sheet and (b) banking book only through Earnings at Risk and Market Value of Equity Approach as described below.

The Bank employs Earnings at Risk (EaR) measures to assess the sensitivity of its net interest income to parallel movement in interest rates over the 1 year horizon. The Bank measures the level of its exposure of the present value of all assets and liabilities to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements as stipulated in the relevant RBI guidelines. Computation of EaR and MVE is done through the ALM software used by the Bank. The Bank prepares Structural Liquidity reports and Interest Rate Sensitivity reports for domestic operations on the daily basis which are reviewed against Regulatory and Internal limits. Internal limits have been established for (a) Earnings at Risk for a 1% parallel shift in interest rates over the horizon of 1 year, and (b) 2% parallel shift in interest rates for Market Value of Equity impact which are reported monthly to ALCO. Any review of the internal interest rate risk limits is approved by the ALCO and is ratified by the Risk Management Committee of the Board.

Interest Rate Risk for Banking Book from both Earnings at Risk perspective as well as Market Value of Equity perspective is computed and reported quarterly in the Stress Testing results of the Bank. Stress testing results are submitted to the Risk Management Committee of the Board as well as the senior management of the Bank for their review.

Interest Rate Risk bucketing of non-maturity based Liability items is based on the Behavioral Analysis policy approved by the ALCO for identification of core and non-core components. Behavioral Analysis is conducted annually by the Bank as well as back tested subsequently. Historical trends in (product-wise) daily / monthly aggregate balances and their associated volatilities in non-maturity based items over a time period of past 3/5 years are used to estimate the likelihood of the drop in balances over specified time intervals. The confidence level for the analysis is considered at 85%, which corresponds to one standard deviation over the mean. 85% confidence level is considered adequate as the structural liquidity analysis is done on a daily basis. Bucketing rules of core and non-core portions in the interest rate sensitivity statements are laid out in the ALM policy. The Bank does not use any assumptions for prepayment of loans for preparation of interest rate risk sensitivity reports.

The findings of the various IRRBB measures are submitted to the ALCO, which is the apex committee for providing strategic guidance and direction for the ALM measures.

Details of increase (decrease) in earnings and economic value for upward and downward rate shocks based on Balance Sheet as on 31<sup>st</sup> March 2015 are given below:

#### Earnings Perspective

Currency	(₹ in millions)	
	Interest Rate Shock	
	+200bps	-200bps
INR	19,183	(19,183)
USD	1,207	(1,207)
Residual	(288)	288
<b>Total</b>	<b>20,102</b>	<b>(20,102)</b>

#### Economic Value Perspective

Currency	(₹ in millions)	
	Interest Rate Shock	
	+200bps	-200bps
INR	37,842	(37,842)
USD	1,903	(1,903)
Residual	1,041	(1,041)
<b>Total</b>	<b>40,786</b>	<b>(40,786)</b>

Note: Interest Rate Risk in Banking Book is computed only for banks/bank like entities where the inherent business is maturity transformation of assets and liabilities, thereby resulting in interest rate mismatch. Other subsidiaries whose core business is not banking activity, IRRBB need not be computed.

## X. EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK

Counterparty credit limits and exposures are monitored daily and internal triggers are put in place to guard against breach in limits. Credit exposures to issuer of bonds, advances etc. are monitored separately under the prudential norms for exposure to a single borrower as per the Bank's Corporate Credit Risk Policy or Investment Policy, as applicable. The counterparty exposure limits are reviewed at periodic intervals.

### Methodology used to assign economic capital and credit limits for counterparty credit exposures

The Bank currently does not assign economic capital for its counterparty credit exposures. The Bank has adopted a methodology of computing economic capital within the framework of Internal Capital Adequacy Assessment Process (ICAAP) and assesses the economic capital requirement within this framework. The Bank is adequately capitalized in terms of projected growth for the next three years and has sufficient capital buffer to account for Pillar II risks.

### Policies for securing collateral and establishing credit reserves

The Bank has a policy framework through its Credit Risk Management policy and Collateral Management Policy which stipulates the eligible credit risk mitigants and management thereof. The Bank has adopted the Comprehensive Approach as suggested by RBI, which allows fuller offset of collateral against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. Under this approach, the Bank takes eligible financial collateral (e.g., cash or securities) on an account-by-account basis, to reduce the credit exposure to counterparty while calculating the capital requirements to take account of the risk mitigating effect of the collateral. The Bank also has a well-defined NPA management & recovery policy for establishing credit reserves on a prudential basis apart from being in consonance with the regulatory guidelines.

### Policies with respect to wrong-way risk exposures

Wrong way risk associated with counterparty credit exposures can be of two types – General i.e. when the PD of counterparties is positively correlated with general market risk factors and Specific i.e. when the exposure to a particular counterparty and the PD of the counterparty providing credit risk mitigation for the exposure are highly correlated. The Bank currently does not have a complete policy framework to address the wrong way risk. In the interim, the general wrong way risk is taken care of through monitoring of concentration of counterparty credit exposures on account of derivatives. Also as per the credit risk management policy, collaterals whose values have a material positive correlation with the credit quality of the borrower is likely to provide little or no credit protection during stress, are not recognized for credit enhancement, thus mitigating any specific wrong way risk.

### Impact of the amount of collateral the Bank would have to provide given a credit rating downgrade

The Bank currently assesses the liquidity impact and related costs of a possible downgrade as part of the bank-wide stress testing exercise. The Bank has already adopted Credit Value Adjustment (CVA) based on the regulatory guidelines on the asset side for capital computation purposes. The current regulatory guidelines do not require estimation of changes in collateral requirement in case of a likely rating downgrade of a Bank and the Bank also does not make such an assessment currently. However, the Bank is in the process of developing an internal methodology to estimate the changes in liabilities to counterparties in the event of its rating downgrade.

### Quantitative Disclosures

(₹ in millions)		
Particulars	IRS/CCS/FRA	OPTIONS
Gross Positive Fair Value of Contracts	49,462	4,533
Netting Benefits	-	-
Netted Current Credit Exposure	49,462	4,533
Collateral held (e.g. Cash, G-sec, etc.)	-	-
Net Derivatives Credit Exposure	49,462	4,533
Exposure amount (under CEM)	164,772	8,651
Notional value of Credit Derivative hedges	-	-
Credit derivative transactions that create exposures to CCR	-	-

## XI. COMPOSITION OF CAPITAL

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
<b>Common Equity Tier 1 capital: instruments and reserves</b>				
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	168,584		A1+A2
2	Retained earnings	277,760		B1+B2+B3+B4+B5
3	Accumulated other comprehensive income (and other reserves)	-		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-		
	<b>Public sector capital injections grandfathered until 1 January 2018</b>	-		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	446,344		
<b>Common Equity Tier 1 capital: regulatory adjustments</b>				
7	Prudential valuation adjustments	1,608		
8	Goodwill (net of related tax liability)	-		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	-		
10	Deferred tax assets	11,366	7,578	D1-D2
11	Cash-flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in common equity	395	263	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital (amount above 10% threshold)	-		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		
20	Mortgage servicing rights (amount above 10% threshold)	-		

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-		
22	Amount exceeding the 15% threshold	-		
23	<i>of which:</i> significant investments in the common stock of financial entities	-		
24	<i>of which:</i> mortgage servicing rights	-		
25	<i>of which:</i> deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments (26a+26b+26c+26d)	-		
26a	<i>of which:</i> Investments in the equity capital of the unconsolidated insurance subsidiaries	-		
26b	<i>of which:</i> Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
26c	<i>of which:</i> Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-		
26d	<i>of which:</i> Unamortised pension funds expenditures	-		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT]	-		
	For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)			
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT]	-		
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT]	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	4,309		
28	<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>17,678</b>		
29	<b>Common Equity Tier 1 capital (CET 1)</b>	<b>428,666</b>		
<b>Additional Tier 1 capital: instruments</b>				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-		
31	<i>of which:</i> classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
32	<i>of which:</i> classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	3,269		C1
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	<i>of which:</i> instruments issued by subsidiaries subject to phase out	-		
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>3,269</b>		

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
<b>Additional Tier 1 capital: regulatory adjustments</b>				
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments (41a+41b)	-		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	7,578		
	<i>of which: DTA</i>	7,578		
	<i>of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]</i>	-		
	<i>of which: [INSERT TYPE OF ADJUSTMENT]</i>	-		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>7,578</b>		
44	<b>Additional Tier 1 capital (AT1)</b>	<b>(4,309)</b>		
44a	<b>Additional Tier 1 capital reckoned for capital adequacy</b>	-		
45	<b>Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)</b>	<b>428,666</b>		
<b>Tier 2 capital: instruments and provisions</b>				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	8,500		C1
47	Directly issued capital instruments subject to phase out from Tier 2	81,004		C1
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-		
50	Provisions	18,670		E1+E2+E3+E4
51	<b>Tier 2 capital before regulatory adjustments</b>	<b>108,174</b>		



(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
<b>Tier 2 capital: regulatory adjustments</b>				
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 instruments	293	195	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56	National specific regulatory adjustments (56a+56b)	-		
56a	<i>of which:</i> Investments in the Tier 2 capital of unconsolidated subsidiaries	-		
56b	<i>of which:</i> Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-		
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT]	-		
57	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>293</b>		
58	<b>Tier 2 capital (T2)</b>	<b>107,881</b>		
58a	<b>Tier 2 capital reckoned for capital adequacy</b>	107,881		
58b	<b>Excess Additional Tier 1 capital reckoned as Tier 2 capital</b>	-		
58c	<b>Total Tier 2 capital admissible for capital adequacy (58a + 58b)</b>	107,881		
59	<b>Total capital (TC = T1 + T2) (45 + 58c)</b>	<b>536,547</b>		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	1,098		
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT]	-		
	<i>of which:</i> ...	-		
60	<b>Total risk weighted assets (60a + 60b + 60c)</b>	<b>3,530,668</b>		
60a	<i>of which: total credit risk weighted assets</i>	2,981,451		
60b	<i>of which: total market risk weighted assets</i>	278,992		
60c	<i>of which: total operational risk weighted assets</i>	270,225		
<b>Capital ratios</b>				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	12.14%		
62	Tier 1 (as a percentage of risk weighted assets)	12.14%		



(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
63	Total capital (as a percentage of risk weighted assets)	15.20%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	5.50%		
65	<i>of which:</i> capital conservation buffer requirement	0.00%		
66	<i>of which:</i> bank specific countercyclical buffer requirement	-		
67	<i>of which:</i> G-SIB buffer requirement	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-		
<b>National minima (if different from Basel III)</b>				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
72	Non-significant investments in the capital of other financial entities	26,288		
73	Significant investments in the common stock of financial entities	-		
74	Mortgage servicing rights (net of related tax liability)	NA		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	NA		
<b>Applicable caps on the inclusion of provisions in Tier 2</b>				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	18,670		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	37,268		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA		
<b>Capital instruments subject to phase-out arrangement (only applicable between March 31, 2017 and March 31, 2022)</b>				
80	Current cap on CET1 instruments subject to phase out arrangements	NA		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA		

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
82	Current cap on AT1 instruments subject to phase out arrangements	NA		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA		
84	Current cap on T2 instruments subject to phase out arrangements	NA		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA		

\* NA – Not Applicable

**XII. THE RECONCILIATION OF REGULATORY CAPITAL ITEMS AS ON 31<sup>st</sup> MARCH 2015 IS GIVEN BELOW:****Step 1**

(₹ in millions)

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
<b>A</b>	<b>Capital &amp; Liabilities</b>		
I	Paid-up Capital	4,741	4,741
	Reserves & Surplus	444,755	444,755
	Minority Interest	312	312
	Total Capital	449,808	449,808
II	Deposits	3,222,442	3,222,442
	of which: Deposits from banks	123,571	123,571
	of which: Customer deposits	3,098,871	3,098,871
III	Borrowings	843,935	843,935
	i. Borrowings in India	304,673	304,673
	(a) From RBI	-	-
	(b) From banks	29,093	29,093
	(c) From other institutions & agencies	275,580	275,580
	ii. Borrowings Outside India	539,262	539,262
	of which: Capital Instruments	133,218	133,218
IV	Other liabilities & provisions	156,245	156,245
	<b>Total</b>	<b>4,672,430</b>	<b>4,672,430</b>

**Step 1**

(₹ in millions)

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
<b>B</b>	<b>Assets</b>		
I	Cash and balances with Reserve Bank of India	198,188	198,188
	Balance with banks and money at call and short notice	166,733	166,733
II	Investments	1,333,192	1,333,192
	of which: Government securities	824,165	824,165
	of which: Shares	8,121	8,121
	of which: Debentures & Bonds	259,788	259,788
	of which: Subsidiaries/Joint Ventures/Associates	-	-
	of which: Others (Commercial Papers, Mutual Funds etc.)	241,118	241,118
III	Loans and advances	2,844,487	2,844,487
IV	Fixed assets	25,519	25,519
V	Other assets	104,311	104,311
	of which: Goodwill and intangible assets	-	-
	of which: Deferred tax assets (Net)	18,944	18,944
VI	Goodwill on consolidation	-	-
VII	Debit balance in Profit & Loss account	-	-
	<b>Total Assets</b>	<b>4,672,430</b>	<b>4,672,430</b>

**Step 2**

(₹ in millions)

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
<b>A</b>	<b>Capital and Liabilities</b>			
I	<b>Paid-up Capital</b>	<b>4,741</b>	<b>4,741</b>	A1
	<b>Reserves &amp; Surplus</b>	<b>444,755</b>	<b>444,755</b>	-
	of which:			
	Statutory Reserve	85,313	85,313	B1
	Share Premium	163,843	163,843	A2
	Investment Reserve Account	1,290	1,290	E1
	General Reserve	3,741	3,741	B2
	Capital Reserve	10,480	10,480	B3
	Foreign Currency Translation Reserve	1,862	1,862	-
	Reserve Fund	328	328	B4
	Balance in Profit/Loss A/c	177,898	177,898	B5
	<b>Minority Interest</b>	<b>312</b>	<b>312</b>	-
	of which: considered under capital funds	-	-	-
	<b>Total Capital</b>	<b>449,808</b>	<b>449,808</b>	-

**Step 2**
*(₹ in millions)*

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
<b>II</b>	<b>Deposits</b>	<b>3,222,442</b>	<b>3,222,442</b>	-
	<i>of which:</i> Deposits from banks	123,571	123,571	-
	<i>of which:</i> Customer deposits	3,098,871	3,098,871	-
<b>III</b>	<b>Borrowings</b>	<b>843,935</b>	<b>843,935</b>	-
	i. Borrowings in India	304,673	304,673	-
	(a) From RBI	-	-	-
	(b) From banks	29,093	29,093	-
	(c) From other institutions & agencies	275,580	275,580	-
	ii. Borrowings Outside India	539,262	539,262	-
	<i>of which:</i> Capital Instruments	133,218	133,218	C1
<b>IV</b>	<b>Other liabilities &amp; provisions</b>	<b>156,245</b>	<b>156,245</b>	-
	<i>of which:</i> Provision for Standard Advances	16,010	16,010	E2
	<i>of which:</i> Provision for Unhedged Foreign Currency Exposure	1,337	1,337	E3
	<i>of which:</i> Deferred Tax Liability	459	459	D2
	<b>Total</b>	<b>4,672,430</b>	<b>4,672,430</b>	
<b>B</b>	<b>Assets</b>			
<b>I</b>	Cash and balances with Reserve Bank of India	198,188	198,188	-
	Balance with banks and money at call and short notice	166,733	166,733	-
<b>II</b>	<b>Investments</b>	<b>1,333,192</b>	<b>1,333,192</b>	-
	<i>of which:</i> Government securities	824,165	824,165	-
	<i>of which:</i> Shares	8,121	8,121	-
	<i>of which:</i> Debentures & Bonds	259,788	259,788	-
	<i>of which:</i> Subsidiaries/Joint Ventures/ Associates	-	-	-
	<i>of which:</i> Others (Commercial Papers, Mutual Funds etc.)	241,118	241,118	-

**Step 2**
*(₹ in millions)*

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
III	<b>Loans and advances</b>	2,844,487	2,844,487	-
	floating provision adjusted in loans & advances	33	33	E4
IV	<b>Fixed assets</b>	25,519	25,519	-
V	<b>Other assets</b>	104,311	104,311	-
	<i>of which:</i> Goodwill and intangible assets	-	-	-
	<i>of which:</i> Deferred tax assets	19,403	19,403	D1
VI	<b>Goodwill on consolidation</b>	-	-	-
VII	<b>Debit balance in Profit &amp; Loss account</b>	-	-	-
	<b>Total Assets</b>	<b>4,672,430</b>	<b>4,672,430</b>	-

**DF XIII, XIV & XV**

Disclosures pertaining to main features of equity and debt instruments, terms and conditions of equity and debt instruments and remuneration of Key Management Personnel have been disclosed separately on the Bank's website under the 'Regulatory Disclosure Section'. The link to this section is as follows:

<http://www.axisbank.com/investor-corner/baselIII-disclosures.aspx>.

## NOTES

## NOTES

## NOTES



## NOTES

## NOTES

# ..... ACCOLADES WE'VE WON .....

*Bank of the Year - India*

The Banker Awards, 2014

*Most Trusted Private Sector Bank (second year in a row)*

Brand Equity, Economic Times, 2014

*Excellence in Financial Reporting in the Private Sector Banks Category  
(third year in a row)*

ICAI (Institute of Chartered Accountants of India) Awards, 2014

*Axis Bank featured for the fourth time in Asia's Fab50 Companies*

Forbes Asia, 2014

*Best Performing Bank Private*

UTI MF & CNBC TV 18 Financial Advisor Awards, 2014

*Axis Bank Foundation conferred Outstanding Corporate Foundation*

Forbes India, Philanthropy Awards, 2014

*Best Payment Initiatives amongst Private Sector Banks*

IBA Banking Technology Awards, 2015

*Best Bank for Asian Currencies*

Euromoney FX Survey, 2014

*The Compliance Risk Technology Implementation of the Year*

The Asian Banker Risk Management Awards, 2015

*Best HR System Project*

The Asian Banker Technology Implementation Awards, 2015

*Best Corporate Payment Project*

The Asian Banker Technology Implementation Awards, 2015

*Best Domestic Bank in India*

Asiamoney Best Banks, 2014

*Superbrands 2014 - 15*

*Best Bank Award for IT for Business Innovation amongst Large Banks*

IDRBT Banking Technology Awards, 2014

*Best Debt Capital Market House*

FinanceAsia Country Awards, 2014



Axis Bank Foundation  
honoured with the title of  
*Outstanding Corporate Foundation*



'By shifting its focus from education to the larger issue of poverty, Axis Bank Foundation is proving effective in addressing the livelihood issue of unprivileged India.'



*"The focus of Axis Bank Foundation is to see the income of our beneficiaries grow. We work very closely and on a long-term basis, with our NGOs so that these goals are sustainable."*

- Shikha Sharma



WHEN THE FOUNDATION IS THAT STRONG,  
IT BODES WELL FOR THE REST OF THE BUILDING.



**Registered Office:**

'Trishul', 3<sup>rd</sup> Floor, Opp. Samartheshwar Temple, Law Garden,  
Ellisbridge, Ahmedabad - 380 006.  
Tel. No.: 079-66306161 FAX No.: 079-26409321  
Email: [shareholders@axisbank.com](mailto:shareholders@axisbank.com) | Website: [www.axisbank.com](http://www.axisbank.com)

**Corporate Office:**

'Axis House', C-2, Wadia International Centre, Pandurang Budhkar  
Marg, Worli, Mumbai - 400 025.  
Tel. No.: 022-24252525/43252525 | FAX No.: 022-24251800

**Karvy Computershare Private Limited**

UNIT: AXIS BANK LIMITED  
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032.  
Tel. No.: 040-67162222 | FAX No.: 040-23001153

## AXIS BANK LIMITED

### NOTICE

**NOTICE** is hereby given that the Twenty First Annual General Meeting of the Members of Axis Bank Limited will be held **at 10.00 A.M. on Friday, 24<sup>th</sup> July 2015** at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015, to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt
  - a. the audited financial statements of the Bank for the financial year ended 31<sup>st</sup> March 2015 and the Reports of the Directors and the Auditors thereon; and
  - b. the audited consolidated financial statements for the financial year ended 31<sup>st</sup> March 2015 and the Report of the Auditors thereon.
2. To declare dividend on Equity Shares of the Bank.
3. To appoint a Director in place of Smt. Usha Sangwan (DIN 02609263), who retires by rotation and, being eligible, offers herself for re-appointment.
4. To consider and pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 read with Rule 3(3) of the Companies (Audit and Auditors) Rules, 2014, (including any amendment, modification, variation or re-enactment thereof), the Bank hereby ratifies the appointment of S. R. Batliboi & Co LLP, Chartered Accountants, Mumbai, having Registration Number 301003E issued by the Institute of Chartered Accountants of India, as the Statutory Auditors of the Bank and to hold office as such from the conclusion of this Annual General Meeting until the conclusion of the 22<sup>nd</sup> Annual General Meeting, subject to the approval of the Reserve Bank of India, and on such remuneration as may be determined by the Audit Committee of the Board of Directors of the Bank."

**SPECIAL BUSINESS:**

5. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:  
**"RESOLVED THAT** Shri S. Vishvanathan (DIN 02255828), who was appointed as an Additional Director of the Bank, with effect from 11<sup>th</sup> February, 2015 and who holds office as such upto the date of this Annual General Meeting and in respect of whom a notice under Section 160 of the Companies Act, 2013 read with Rule 13 of the Companies (Appointment of Directors) Rules, 2014 has been received from a Member signifying his intention to propose Shri S. Vishvanathan as a candidate for the office of Director of the Bank, be and is hereby appointed as an Independent Director of the Bank, who shall not be liable to retire by rotation and to hold office as such for a period of five years from the said date viz. upto 10<sup>th</sup> February, 2020."
6. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the approval obtained from the Reserve Bank of India, the remuneration payable to Dr. Sanjiv Misra (DIN 03075797) Chairman of the Bank, be revised as under, with effect from 8<sup>th</sup> March 2015:

Particulars		Amount
Remuneration	:	₹27.5 lacs p.a.
Company Car	:	Free use of Bank's car for official and private purposes
Touring	:	Travelling and official expenses to be borne by the Bank for Board functions as a Chairman
Sitting fees	:	As payable to other Non-executive Directors

7. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the relevant provisions of the Companies Act, 2013, the Rules made thereunder, (including any amendment, modification, variation or re-enactment thereof) and subject to the relevant provisions of the Banking Regulation Act, 1949 and the Articles of Association of the Bank, approval of the Members of the Bank, be and is hereby accorded for re-appointment of Smt. Shikha Sharma (DIN 00043265) as the Managing Director & CEO of the Bank, for a further period of 3 years, with effect from 1<sup>st</sup> June 2015.”

**“RESOLVED FURTHER THAT** subject to the approval by the Reserve Bank of India, Smt. Shikha Sharma be paid remuneration by way of salary, allowances and perquisites as Managing Director & CEO of the Bank, with effect from 1<sup>st</sup> June 2015, on the following terms and conditions:

Particulars	:	Amount
Term	:	From the date of appointment i.e. 1 <sup>st</sup> June 2015 as Managing Director & CEO of the Bank till 31 <sup>st</sup> May 2018.
Salary	:	₹2,56,32,213 p.a.
Leave Fare Concession	:	₹13,86,000 p.a.
<b>Perquisites</b>		
Utility Bills	:	To be reimbursed at actuals upto a limit of ₹3,75,000 p.a.
Furnishing Allowance	:	At actuals upto a limit of ₹20 lacs once in a period of 3 years.
Provident Fund	:	12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees from time to time.
Gratuity	:	One month's salary for each completed year of service or part thereof (On pro-rata basis).
Superannuation	:	10% of basic pay p.a.
Travelling Allowances	:	As per Bank's Policy.
Medical benefits	:	(i) Group mediclaim facility as available to other employees of the Bank. (ii) Reimbursement of full medical expenses for self and family.
Club fees	:	Membership of two clubs (excluding life membership fees). All official expenses in connection with such membership incurred would be reimbursed by the Bank.
House Rent Allowance	:	₹85,56,000 p.a. (in lieu of Bank's owned /leased accommodation).
Residence		Leased Accomodation to be provided by the Bank.
Conveyance & Telephone	:	As per Bank's Policy.
Personal Insurance	:	Shall be covered under the Group Savings Linked Insurance Scheme (GSLI) and the Personal Accident Policy as per the Bank's rules.
Newspapers & Periodical	:	As per requirement.
Leave	:	As per the Bank's rules.
Entertainment	:	Expenditure on official entertainment would be on the Bank's account.
Employees Stock Options (ESOP)	:	Stock Options as may be decided by the Nomination and Remuneration Committee/Board from time to time, subject to approval of Reserve Bank of India (RBI).
Variable Pay	:	As approved by the Nomination and Remuneration Committee/Board subject to approval of RBI.
Loans	:	Loan facilities to be provided as per the Bank's Policy, at the rate of interest applicable to other employees.
Other terms	:	As per the Bank's staff rules and as may be agreed by the Board, from time to time.

**“RESOLVED FURTHER THAT** the Board of Directors of the Bank be and is hereby authorised to execute any agreements, documents, instruments and writings etc. and to do all such acts, deeds, matters and things as may be required to give effect to this resolution.”

8. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**“RESOLVED THAT** subject to approval of the Reserve Bank of India, approval of the Members of the Bank, be and is hereby accorded for revising the remuneration by way of salary, allowances and perquisites payable to Shri V. Srinivasan (DIN 00033882), Whole-Time Director designated as ‘Executive Director & Head (Corporate Banking)’ of the Bank, with effect from 1<sup>st</sup> June 2015, on the following terms and conditions:

Particulars	Amount
Salary	: ₹1,76,04,840 p.a.
Leave Fare Concession	: ₹5,50,000 p.a.
<b>Perquisites</b>	
House Rent Allowance	: ₹44,00,000 p.a. (in lieu of Bank’s owned/leased accommodation).
Residence	: Leased accommodation to be provided by the Bank.
Provident Fund	: 12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees from time to time.
Gratuity	: One month’s salary for each completed year of service or part thereof (On pro-rata basis).
Superannuation	: 10% of basic pay p.a.
Travelling Allowances	: As per Bank’s Policy.
Medical benefits	: (i) Group mediclaim facility as available to other employees of the Bank. (ii) Reimbursement of full medical expenses for self and family.
Club fees	: Membership of two clubs (excluding life membership fees). All official expenses in connection with such membership incurred would be reimbursed by the Bank.
Conveyance & Telephone	: As per Bank’s Policy.
Personal Insurance	: Shall be covered under the Group Savings Linked Insurance Scheme (GSLI) and the Personal Accident Policy as per the Bank’s rules.
Newspapers & Periodical	: As per requirement.
Entertainment	: Expenditure on official entertainment would be on the Bank’s account.
Utility Bills	: To be reimbursed at actuals upto a limit of ₹1,32,000 p.a.
Furnishing Allowance	: At actuals upto a limit of ₹12 lacs during his tenure as Whole-Time Director.
Leave	: As per the Bank’s rules.
Employees Stock Options (ESOP)	: Stock Options as may be decided by the Nomination and Remuneration Committee/Board from time to time, subject to approval of Reserve Bank of India (RBI).
Variable Pay	: As approved by the Nomination and Remuneration Committee/Board subject to approval of RBI.
Loans	: Loan facilities to be provided as per the Bank’s policy, at the rate of interest applicable to other employees.
Other terms	: As per the Bank’s staff rules and as may be agreed by the Board, from time to time.

**“RESOLVED FURTHER THAT** the Board of Directors of the Bank be and is hereby authorised to execute any agreements, documents, instruments and writings etc. and to do all such acts, deeds, matters and things as may be required to give effect to this resolution.”

9. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution:**

**“RESOLVED THAT** Shri Sanjeev Kumar Gupta (DIN 00237353), who was appointed as an Additional Director of the Bank and has taken charge as such with effect from 4<sup>th</sup> September 2014 pursuant to receipt of requisite approval from the Reserve Bank of India and who holds office as an Additional Director of the Bank upto the date of this Annual General Meeting and in respect of whom a notice under Section 160 of the Companies Act, 2013 read with Rule 13 of the Companies (Appointment of Directors) Rules, 2014 has been received from a Member signifying his intention to propose Shri Sanjeev Kumar Gupta as a candidate for the office of Director of the Bank, be and is hereby appointed as a Director of the Bank, liable to retire by rotation in accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Bank.”

10. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the relevant provisions of the Companies Act, 2013, the Rules made thereunder, (including any amendment, modification, variation or re-enactment thereof) and pursuant to the approval granted by the Reserve Bank of India (RBI) under the relevant provisions of the Banking Regulation Act, 1949 and the Articles of Association of the Bank, approval of the Members of the Bank be and is hereby accorded for appointment of Shri Sanjeev Kumar Gupta (DIN 00237353) as the Whole-Time Director designated as ‘Executive Director (Corporate Centre) & Chief Financial Officer’ of the Bank for a period of 3 years, with effect from 4<sup>th</sup> September 2014”.

**“RESOLVED FURTHER THAT** Shri Sanjeev Kumar Gupta be paid remuneration by way of salary, allowances and perquisites as the Whole-Time Director designated as ‘Executive Director (Corporate Centre) & Chief Financial Officer’ of the Bank on the following terms and conditions, with effect from 4<sup>th</sup> September 2014”.

Particulars	Amount
Salary	: ₹90,00,000 p.a.
Leave Fare Concession	: ₹5,50,000 p.a.
<b>Perquisites</b>	
House Rent Allowance	: ₹34,00,000 p.a. (in lieu of company leased accommodation).
Free furnished house	: Leased accommodation to be provided by the Bank.
Free use of Bank’s car for official purpose.	: Free use of Bank’s car with driver.
Provident Fund	: 12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees from time to time.
Gratuity	: One month’s salary for each completed year of service or part thereof (On pro-rata basis)
Superannuation	: 10% of basic pay p.a.
Travelling & Halting Allowances	: As per Bank’s Policy.
Medical benefits	: (i) Group mediclaim facility as available to other employees of the Bank. (ii) Reimbursement of full medical expenses for self and family.
Club fees	: Membership of two clubs (excluding life membership fees). All official expenses in connection with such membership incurred would be reimbursed by the Bank.
Telephone	: Telephone Facilities.
Personal Insurance	: Shall be covered under the Group Savings Linked Insurance Scheme (GSLI) and the Personal Accident Policy as per the Bank’s rules.
Newspapers & Periodicals	: As per requirement.
Entertainment	: Expenditure on official entertainment would be on the Bank’s account.



Particulars		Amount
Utility Bills	:	To be reimbursed at actuals upto a limit of ₹1,32,000 p.a.
Furnishing Allowances	:	At actuals upto a limit of ₹10 lacs during his tenure as Whole-Time Director.
Leave	:	As per the Bank's rules.
Employees Stock Options (ESOP)	:	Stock Options as may be decided by the Nomination and Remuneration Committee/Board from time to time, subject to the approval of the Reserve Bank of India (RBI).
Variable Pay	:	As may be decided by the Nomination and Remuneration Committee/Board subject to approval of RBI.
Loans	:	Loan facilities to be provided as per the existing limits, at the rate of interest applicable to other employees of the Bank subject to approval of RBI.
Other terms	:	As per the Bank's staff rules and as may be agreed by the Board, from time to time.

**"RESOLVED FURTHER THAT** the Board of Directors of the Bank be and is hereby authorised to execute any agreements, documents, instruments and writings etc. and to do all such acts, deeds, matters and things as may be required to give effect to this resolution."

11. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** subject to approval of the Reserve Bank of India, approval of the Members of the Bank be and is hereby accorded for revising the remuneration by way of salary, allowances and perquisites payable to Shri Sanjeev Kumar Gupta (DIN 00237353), as the Whole-Time Director designated as 'Executive Director (Corporate Centre) & Chief Financial Officer' of the Bank, with effect from 1<sup>st</sup> June, 2015, on the following terms and conditions:

Particulars		Amount
Salary	:	₹1,12,05,069 p.a.
Leave Fare Concession	:	₹5,50,000 p.a.
<b>Perquisites</b>		
House Rent Allowance	:	₹44,00,000 p.a. (in lieu of accommodation provided by the Bank).
Residence	:	Leased accommodation to be provided by the Bank.
Provident Fund	:	12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees from time to time.
Gratuity	:	One month's salary for each completed year of service or part thereof (On pro-rata basis).
Superannuation	:	10% of basic pay p.a.
Travelling Allowances	:	As per Bank's Policy
Medical benefits	:	(i) Group mediclaim facility as available to other employees of the Bank. (ii) Reimbursement of full medical expenses for self and family.
Club fees	:	Membership of two clubs (excluding life membership fees). All official expenses in connection with such membership incurred would be reimbursed by the Bank.
Conveyance & Telephone	:	As per Bank's Policy.
Personal Insurance	:	Shall be covered under the Group Savings Linked Insurance Scheme (GSLI) and the Personal Accident Policy as per the Bank's rules.
Newspapers & Periodical	:	As per requirement.
Entertainment	:	Expenditure on official entertainment would be on the Bank's account.
Utility Bills	:	To be reimbursed at actuals upto a limit of ₹1,32,000 p.a.
Furnishing Allowance	:	At actuals upto a limit of ₹12 lacs during his tenure as Whole-Time Director.

Particulars	:	Amount
Leave	:	As per the Bank's rules.
Employees Stock Options (ESOP)	:	Stock Options as may be decided by the Nomination and Remuneration Committee/Board from time to time, subject to the approval of Reserve Bank of India (RBI).
Variable Pay	:	As approved by the Nomination and Remuneration Committee/Board subject to approval of RBI.
Loans	:	Loan facilities to be provided as per the Bank's policy, at the rate of interest applicable to other employees.
Other terms	:	As per the Bank's staff rules and as may be agreed by the Board, from time to time.

**"RESOLVED FURTHER THAT** the Board of Directors of the Bank be and is hereby authorised to execute any agreements, documents, instruments and writings etc. and to do all such acts, deeds, matters and things as may be required to give effect to this resolution."

12. To consider and pass with or without modification(s), the following resolution, as a **Special Resolution**:

**"RESOLVED THAT** in supersession of the resolution passed by the Members of the Bank at the 20<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> June, 2014, consent of the Members of the Bank under the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, (including any amendment, modification, variation or re-enactment thereof) and the relevant provisions of the Articles of Association of the Bank, be and is hereby accorded to the borrowings by the Bank from time to time, of all money deemed by them to be requisite or proper for the purpose of carrying on the business of the Bank, so however, that apart from deposits accepted in the ordinary course of business, temporary loans repayable on demand or within six months from the date of the loan or temporary loans, if any, obtained from the Bank's bankers, the total amount of such borrowings outstanding at any time shall not exceed ₹1,50,000 crores (Rupees One Hundred and Fifty Thousand Crores) notwithstanding that the money to be borrowed together with the money already borrowed by the Bank will exceed the aggregate of its paid-up share capital and free reserves."

**"RESOLVED FURTHER THAT** the Board of Directors of the Bank be and is hereby authorised to execute all such agreements, documents, instruments and writings, to settle, questions, difficulties or doubts that may arise with regard to the said matter as it may in its sole and absolute discretion deem appropriate and to do all such acts, deeds, matters and things as may be required to give effect to this resolution."

**"RESOLVED FURTHER THAT** the Board of Directors of the Bank be and is hereby authorised to delegate all or any of its powers herein conferred to any Committee of the Board of Directors of the Bank or any one or more of the Directors of the Bank, for giving effect to this resolution."

13. To consider and pass with or without modification(s), the following resolution, as a **Special Resolution**:

**"RESOLVED THAT** pursuant to provisions of Section 42 of the Companies Act, 2013, Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Simplified Listing Agreement for Debt Securities, as amended from time to time and other applicable laws, if any, the provisions of the Memorandum and Articles of Association of the Bank and subject to receipt of such approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned statutory or regulatory authority(ies), the approval of the Members of the Bank be and is hereby accorded for borrowing/raising funds in Indian currency/foreign currency by issue of debt instruments including but not limited to bonds and non-convertible debentures upto ₹35,000 crores (Rupees Thirty Five Thousand crores only) in domestic and/or overseas market, under one or more shelf disclosure document and/or under one or more letter of offers as may be issued by the Bank and in one or more tranches, on a private placement basis during a period of one year from the date of passing of this Resolution, within the overall borrowing limits of the Bank, on such terms and conditions as may be approved by the Board of Directors of the Bank, from time to time."

**"RESOLVED FURTHER THAT** the Board of Directors of the Bank be and is hereby authorised to execute all such agreements, documents, instruments and writings, to settle, questions, difficulties or doubts that may arise with regard to the said matter as it may in its sole and absolute discretion deem appropriate and to do all such acts, deeds, matters and things as may be required to give effect to this resolution. "

**"RESOLVED FURTHER THAT** the Board of Directors of the Bank be and is hereby authorised to delegate all or any of its powers herein conferred to any Committee of Board of Directors of the Bank or any one or more of the Directors or Executives of the Bank, for giving effect to this resolution."

14. To consider and pass with or without modification(s), the following Resolution, as a **Special Resolution**:

**"RESOLVED THAT** subject to the relevant laws, rules and regulations as applicable from time to time and subject to receipt of such consents, sanctions and permissions as may be required, approval of the Members of the Bank be and is hereby accorded for acquiring and holding equity shares of the Bank, by the Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs)/Non-resident Indians (NRIs), Foreign Direct Investment covering ADRs/GDRs and indirect foreign investment in any combination thereof upto an aggregate limit of 74% of the paid up equity share capital of the Bank or individually upto such limit as may be permitted by applicable laws, rules and regulations and approved by the Board of Directors of the Bank, from time to time.

**"RESOLVED FURTHER THAT** the Board of Directors of the Bank be and is hereby authorised to execute all such agreements, documents, instruments and writings, to settle, questions, difficulties or doubts that may arise with regard to the said matter as it may in its sole and absolute discretion deem appropriate and to do all such acts, deeds, matters and things as may be required to give effect to this resolution."

**"RESOLVED FURTHER THAT** the Board of Directors of the Bank be and is hereby authorised to delegate all or any of its powers herein conferred to any Committee of Board of Directors of the Bank or any one or more of the Directors of the Bank, for giving effect to this resolution."

**By Order of the Board**

**Place: Mumbai**  
**Date: 29<sup>th</sup> April 2015**

**Sanjeev K. Gupta**  
**Executive Director (Corporate Centre)**  
**& Chief Financial Officer**

**Notes:**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE BANK. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE BANK NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Registered Office of the Bank a certified copy of the Board Resolution authorising their representative to attend and vote at the Meeting on their behalf.
- Proxy shall not have a right to speak at the Meeting and shall not be entitled to vote except on a poll.
- A person appointed as Proxy shall act on behalf of not more than 50 Members and holding not more than 10% of the total share capital of the Bank carrying voting rights. However, a Member holding more than 10% of the total share capital of the Bank carrying voting rights may appoint a single person as a Proxy and such Person shall not act as a Proxy for any other Person or Member.
- Proxy in prescribed Form No. MGT-11 is enclosed herewith.
- The Attendance at the meeting will be regulated through the Attendance Slip and its verification with the records maintained with the Bank.
- The relevant explanatory statement pursuant to the provisions of Section 102 of the Companies Act, 2013 in respect of item Nos. 5 to 14, is annexed herewith. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and the Share Transfer Books of the Bank will remain closed from Monday, 13<sup>th</sup> July 2015 to Friday, 24<sup>th</sup> July 2015 (both days inclusive), for the purpose of payment of dividend.

8. In accordance with the provisions of Section 123 of the Companies Act, 2013, the dividend on equity shares as recommended by the Board of Directors of the Bank, if declared at the meeting, would be paid to those Members whose names appear in the Register of Members of the Bank/ the statement of beneficial ownership maintained by the Depositories as at the close of business hours on Saturday, 11<sup>th</sup> July 2015. ECS credit/dispatch of the dividend warrants would commence on Monday, 27<sup>th</sup> July 2015 and is expected to be completed on or before Thursday, 6<sup>th</sup> August 2015.
9. Shareholders holding shares in physical form are requested to immediately notify change in their address, if any, to the Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Hyderabad or to the Registered Office of the Bank, quoting their Folio number(s).

In order to avoid fraudulent encashment of dividend warrants, the details of your Bank Account will be printed on the dividend warrants. We, therefore, request you to send to our Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Hyderabad or to the Registered Office of the Bank, on or before Saturday, 11<sup>th</sup> July, 2015, a Bank Mandate (providing details of name of the Bank, branch and place with PIN code No., where the account is maintained and the Bank Account No) or changes therein, if not provided earlier, under the signature of the Sole/First holder quoting their Folio number.

The Bank is offering the facility of ECS/NECS in centres wherever available. The ECS Mandate Form is annexed. This facility could also be used by the shareholders instead of the Bank Mandate System, for receiving the credit of dividends.

10. Shareholders holding shares in dematerialised mode are requested to intimate all changes pertaining to their Bank details, ECS mandates, email addresses, nominations, power of attorney, change of address/name etc. to their Depository Participant (DP) only and not to the Bank or its Registrar and Share Transfer Agents. Any such changes effected by the DPs will be automatically reflected in the records of the Bank subsequently.
11. Shareholders may avail of the Nomination Facility under Section 72 of the Companies Act, 2013. The relevant Nomination Form is available on the website of the Bank and the Shareholders may download the same or write to the Bank at its Registered Office for the same.
12. Shareholders seeking any information with regard to the financial statements of the Bank are requested to write to the Bank at its Registered Office at an early date to enable the Management to keep the information ready.
13. SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of Income tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN along with a photocopy of both sides of the PAN card, duly attested, to the Registrar and Share Transfer Agents of the Bank.
14. In accordance with Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014, this Notice and the Annual Report of the Bank is being sent by e-mail to those Members who have registered their email address with their Depository Participant (in case of electronic shareholding)/the Bank's Registrar and Share Transfer Agents (in case of physical shareholding).

We, therefore request you to consider registering your email ID in the records of your Depository Participant (in case of electronic holding)/the Bank's Registrar and Share Transfer Agents (in case of physical shareholding) mentioning your demat account details / folio no.

However, in case you wish to receive the above documents in physical form, you may write to the Bank's Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Unit: Axis Bank Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032, Phone No. : 040 - 67162222 Fax No. : 040 - 23001153 or send an email at [axisgogreen@karvy.com](mailto:axisgogreen@karvy.com), mentioning your demat account details / folio no.

The Shareholders are requested to write to the Company Secretary at the Registered Office of the Bank or to the Registrar and Share Transfer Agents regarding transfer of shares and for resolving their grievances at below mentioned addresses:

**The Company Secretary,**

**Axis Bank Limited** [CIN: L65110GJ1993PLC020769]

**Registered Office:**

‘Trishul’, 3<sup>rd</sup> Floor, Opp. Samartheshwar Temple,  
Law Garden, Ellisbridge, Ahmedabad – 380 006.

Website : [www.axisbank.com](http://www.axisbank.com)

Phone No. : 079 - 66306161

Fax No. : 079 - 26409321

Email : [shareholders@axisbank.com](mailto:shareholders@axisbank.com)

**Karvy Computershare Private Limited**

Unit: Axis Bank Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500 032.

Phone No. : 1800-345-4001 and 040 - 67162222

Fax No. : 040 - 23001153

Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

Contact Persons: Shri M R V Subrahmanyam, GM (RIS) / Smt. Varalakshmi, Sr. Manager (RIS)

15. Remote E-Voting:

- I. In compliance with the provisions of Clause 35B of the Listing Agreement and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Bank is pleased to provide remote e-voting facility through Karvy Computershare Private Limited, to enable its Members to cast their votes electronically on the items mentioned in this Notice.
- II. Further, in terms of Clause 35B of the Listing Agreement, those Members who do not have access to remote e-voting facility, may convey their assent or dissent in writing in respect of the resolutions as set out in this Notice, by using the enclosed Ballot Form sent along with this Notice. A Member desiring to exercise his vote by way of Ballot Form can do so by recording his assent or dissent thereof and sending it to the Scrutinizer in the enclosed self-addressed pre-paid postage Business Reply Envelope. Postage charges will be borne and paid by the Bank. Please note that the said pre-paid postage Business Reply Envelope should reach the Scrutinizer before the close of business hours on 20<sup>th</sup> July 2015.
- III. The Bank has appointed Shri Nimai G. Shah, Chartered Accountant (Membership No. 100932) and Partner, Chandabhoy & Jassoobhoy, Chartered Accountants or failing him Shri Gautam N. Shah, Chartered Accountant (Membership No. 012679) and Partner, Chandabhoy & Jassoobhoy, Chartered Accountants as the Scrutinizer for conducting the remote e-voting process in a fair and transparent manner. Remote e-voting is optional. The voting rights of shareholders shall be in proportion of their shares to the paid up equity share capital of the Bank, subject to the provisions of the Banking Regulation Act, 1949, as on the cut-off date of 17<sup>th</sup> July 2015.
- IV. The instructions for remote e-voting are as under:
  - In case of Members receiving Notice by e-mail:
    - (i) Open e-mail and the PDF File viz. "DPIDCLIENTID.pdf" with your client ID or folio No. as password. The said PDF File contains your user ID and password for remote e-voting. Please note that the password is an initial password.
    - (ii) To use the following URL for remote e-voting:  
From Karvy website: <http://evoting.karvy.com>
    - (iii) Shareholders of the Bank holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.
    - (iv) Enter the login credentials. Your Folio No/DP ID Client ID will be your user ID.
    - (v) After entering the details appropriately, click on LOGIN.
    - (vi) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc., on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - (vii) You need to login again with the new credentials.
    - (viii) On successful login, the system will prompt you to select the EVENT i.e., Axis Bank Limited.
    - (ix) On the voting page, enter the number of shares as on the said cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially any number in AGAINST but the total number in FOR/AGAINST taken together should not exceed your total shareholding. You may also choose the option ABSTAIN.
    - (x) Shareholders holding multiple folios/demat account shall choose the voting process separately for each folios/demat account.
    - (xi) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the Resolution.

- (xii) Once the vote on the Resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
  - (xiii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [cnjabd@vsnl.net](mailto:cnjabd@vsnl.net) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com).
  - (xiv) The remote e-voting period commences on 21<sup>st</sup> July 2015 (9:00 A.M.) and ends on 23<sup>rd</sup> July 2015 (5:00 P.M.). During this period shareholders' of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date of 17<sup>th</sup> July 2015, may cast their vote electronically. The remote e-voting module shall be disabled by Karvy Computershare Private Limited for voting thereafter. Once the vote on a Resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. Further, the shareholders who have cast their vote electronically may also attend the Meeting, however they shall not be able to vote at the Meeting.
  - (xv) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and remote e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Private Limited at Tel No. 1800 345 4001 (toll free).
- In case of Members receiving Notice by Post/Courier:
    - (i) Initial password is provided, as below, in the attendance slip of the Meeting.
- | <b>EVEN (E Voting Event Number)</b> | <b>USER ID</b> | <b>PASSWORD/PIN</b> |
|-------------------------------------|----------------|---------------------|
|                                     |                |                     |
- (ii) Please follow the steps stated at serial Nos. IV (II) to IV (XV) above, to cast your vote by electronic means.
  - V. The Scrutinizer shall, immediately after the conclusion of voting at the Meeting, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting and by way of Ballot Form in the presence of at least two witnesses not in employment of the Bank and make not later than three days of conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour and against, if any to the Chairman or a person authorised in writing by him who shall countersign the same.
  - VI. The Results in respect of the Resolutions stated in this Notice shall be declared after the Meeting and shall be deemed to have been passed on the date of the declaration. The Results declared along with the Scrutinizer's Report shall be placed on the Bank's website [www.axisbank.com](http://www.axisbank.com) and on the website of Karvy Computershare Private Limited, immediately after the results are declared by the Chairman of the Bank and will be simultaneously communicated to the Stock Exchanges.
  - VII. Voting will also be conducted at the Meeting by way of Poll in accordance with Rule 20 of Companies (Management and Administration) Amendment Rules, 2015 and any Shareholder who has not cast his vote through remote e-voting or Ballot Form, may attend the Meeting and cast his vote accordingly.
16. All documents referred to in this Notice and Statement setting out material facts and other statutory registers are open for inspection by the Members at the Registered Office of the Bank during its business hours on all working days except Saturdays, Sundays and national holidays, from the date hereof upto the date of this Meeting.

**By Order of the Board**

**Place: Mumbai**  
**Date: 29<sup>th</sup> April 2015**

**Sanjeev K. Gupta**  
**Executive Director (Corporate Centre)**  
**& Chief Financial Officer**



**ANNEXURE TO NOTICE - EXPLANATORY STATEMENT U/S 102 OF THE COMPANIES ACT, 2013****Item No. 5:**

Shri S. Vishvanathan was appointed as an Additional Director of the Bank w.e.f. 11<sup>th</sup> February 2015. Under Section 161 of the Companies Act, 2013, read with Article 91 of the Articles of Association of the Bank, he continues to hold office as a Director of the Bank until the conclusion of the ensuing Annual General Meeting. As required under Section 160 of the Companies Act, 2013, the Bank has received a notice from a member signifying his intention to propose Shri S. Vishvanathan as a candidate for the office of Director of the Bank and the requisite deposit of ₹ 1,00,000 has also been received by the Bank along with such notice. The Board of Directors at its Meeting held on 29<sup>th</sup> April 2015 considered the proposal on appointment/reappointment of Directors at ensuing Annual General Meeting and pursuant to RBI guidelines determined that Shri S. Vishvanathan is fit and proper person to be appointed as a Director on the Board of the Bank. The Board also determined that Shri S. Vishvanathan fulfils the conditions as specified in the proviso to Section 152(5) of the Companies Act, 2013 and the applicable provisions of the listing agreement with respect to his appointment as an Independent Director and that he is independent of the management. Shri S. Vishvanathan could not attend the meeting of Committee of Directors and Audit Committee held on 20<sup>th</sup> March 2015 on account of advice received from Government of India for attending the meetings conveyed by it. Shri S. Vishvanathan does not hold any equity share of the Bank. Draft Letter of Appointment of Shri S. Vishvanathan is available for inspection by the Members at the Registered Office of the Bank during business hours.

Brief profile of Shri S. Vishvanathan in terms of Clause 49 VIII E of the Listing Agreement has been provided after this Notice. The Board recommends approval of the resolution.

Shri S. Vishvanathan is not related to any other Director of the Bank.

Except for Shri S. Vishvanathan, no other Director, Key Managerial Personnel of the Bank and their relatives are financially or otherwise concerned with or interested in the resolution at item No. 5 of the Notice.

**Item No. 6:**

Dr. Sanjiv Misra was appointed as the Chairman of the Bank for a period of three years from 8<sup>th</sup> March 2013. The Bank has grown and progressed under the guidance of Dr. Sanjiv Misra. In view of this, the Nomination and Remuneration Committee of the Board, which met on 15<sup>th</sup> January 2015, examined the remuneration of Dr. Sanjiv Misra, in comparison with the remuneration of the Chairmen of the other peer group Banks and recommended a revision in the remuneration to be paid to Dr. Sanjiv Misra. The revision in remuneration payable to Dr. Sanjiv Misra was approved by the Reserve Bank of India vide its letter DBR.Apptt. No. 16252/08.86.001/2014-15 dated 27<sup>th</sup> April 2015.

The Board of Directors of the Bank at its meeting held on 16<sup>th</sup> January 2015 has approved the revision in remuneration payable to Dr. Sanjiv Misra with effect from 8<sup>th</sup> March 2015.

The Board recommends approval of the resolution.

Except for Dr. Sanjiv Misra, no other Director, Key Managerial Personnel of the Bank and their relatives are financially or otherwise concerned with or interested in the resolution at item No. 6 of the Notice.

**Item No. 7:**

The Board of Directors at their meeting held on 20<sup>th</sup> April 2012 had re-appointed Smt. Shikha Sharma as the Managing Director & CEO of the Bank for a period of three years with effect from 1<sup>st</sup> June 2012. The term of Smt. Shikha Sharma will therefore end on 31<sup>st</sup> May 2015. In view of the above, the Nomination and Remuneration Committee of the Board which met on 15<sup>th</sup> January 2015 and the Board of Directors at their meeting held on 16<sup>th</sup> January 2015 considered the re-appointment of Smt. Shikha Sharma and had recommended her re-appointment for a further period of three years with effect from 1<sup>st</sup> June 2015. The Bank had made an application to Reserve Bank of India for its approval to the above re-appointment which was approved vide its letter DBR.Apptt. No. 16253/08.86.001/2014-15 dated 27<sup>th</sup> April 2015. Further, the Nomination and Remuneration Committee of the Board and the Board of Directors at its respective meeting held on 28<sup>th</sup> April 2015 and 29<sup>th</sup> April 2015, approved the revised remuneration payable to Smt. Shikha Sharma effective from 1<sup>st</sup> June 2015. The Bank has approached RBI for its approval for payment of revised remuneration.

During the tenure of Smt. Shikha Sharma, the Bank has shown all-round progress in terms of business growth, profitability, branch expansion, ATM network expansion and improved brand equity.

The Bank has in the three years of her current tenure, been able to consistently deliver profitability as well as returns to its



shareholders under her leadership in the challenging economic and macro environment. The NPAs and restructured assets have been kept in control, with strong focus on guardrails. The desired shift that the Bank had envisaged in its advances portfolio also has been moving in the right direction. She has also spearheaded the formulation of Vision 2020 for the Bank, thus ensuring long term sustenance of business strategy while keeping in mind customer ethos as well as employee growth and well-being. Simultaneously, she has guided the organisation towards strengthening the core back-end capabilities which has led to a dependable and agile IT, operational excellence, extensive use of analytics across the enterprise and a robust enterprise risk management framework. She has ensured that cross functional movements are actively encouraged and that a framework for competency building of employees is put in place. She has also promoted meritocracy and focused on increasing transparency for employees of the Bank.

Key highlights during her tenure in the last 3 financial years are as below:

Total deposits have increased from ₹2,20,104.30 crores at 31<sup>st</sup> March 2012 to ₹3,22,441.94 crores at 31<sup>st</sup> March 2015. Total advances have also increased from ₹1,69,759.54 crores at 31<sup>st</sup> March 2012 to ₹2,81,083.03 crores at 31<sup>st</sup> March 2015. Net profit of the Bank for the year ended 31<sup>st</sup> March 2015 was ₹7,448.48 crores, as against ₹4,242.21 crores for the year ended 31<sup>st</sup> March 2012. The branch network (branches and extension counters) of the Bank increased from 1,622 at 31<sup>st</sup> March 2012 to 2,589 at 31<sup>st</sup> March 2015.

Brief profile of Smt. Shikha Sharma in terms of Clause 49 VIII E of the Listing Agreement has been provided after this Notice.

The Board recommends approval of the Resolution for reappointment of Smt. Shikha Sharma as the Managing Director & CEO of the Bank for a period of three years with effect from 1<sup>st</sup> June 2015 and revision in remuneration by way of salary and perquisites payable to Smt. Shikha Sharma with effect from 1<sup>st</sup> June 2015.

Smt. Shikha Sharma is not related to any other Director of the Bank.

Except for Smt. Shikha Sharma, no other Director, Key Managerial Personnel of the Bank and their relatives are financially or otherwise concerned with or interested in the resolution at item No. 7 of the Notice.

#### **Item No. 8:**

The Board of Directors of the Bank at its meeting held on 29<sup>th</sup> April 2015 have approved the revision in remuneration by way of salary and perquisites payable to Shri V. Srinivasan with effect from 1<sup>st</sup> June 2015.

The year ended 31<sup>st</sup> March 2015 witnessed challenging economic environment in which Shri V. Srinivasan has been instrumental in protecting and growing the profit pool of the Bank. In spite of the stress that has been seen across different sectors and corporates, the Bank has been able to stay on course and contain the asset quality within defined limits under his leadership. The synergies between Retail and Corporate Banking have been ingrained as a core activity for Corporate Banking Relationship Managers. This year the focus was to ensure that a complete solution is offered to clients by integrating the Investment Banking closely as well and the same was achieved by the year end. The Bank continued to grow at the desired pace in the SME space. The Bank also successfully completed one of the largest Infrastructure Bond Issues. Under his leadership, this year has also seen the foundation being laid for formation of a Transaction Banking group within the Bank which will aim to bring all transaction products for Corporate and SME clients under one umbrella. In view of this, the Nomination and Remuneration Committee of the Board, which met on 28<sup>th</sup> April 2015, reviewed the remuneration being paid to Shri V. Srinivasan in comparison with the remuneration of Executive Directors of peer group banks and recommended a revision in the emoluments to be paid to him.

The Board recommends approval of the resolution.

Except for Shri V. Srinivasan, no other Director, Key Managerial Personnel of the Bank and their relatives are financially or otherwise concerned with or interested in the resolution at item No. 8 of the Notice.

#### **Item No. 9 and 10:**

The Board of Directors of the Bank at its meeting held on 27<sup>th</sup> June 2014 had approved the proposal for appointment of Shri Sanjeev Kumar Gupta as a Whole-Time Director of the Bank for a period of three years, effective from the date from which his appointment as Whole-Time Director would be approved by Reserve Bank of India. RBI vide its letter no. DBOD. Appt.No.3380/08.86.001/2014-15 dated 4<sup>th</sup> September 2014 accorded its approval to the appointment of Shri Sanjeev Kumar Gupta as Whole-Time Director of the Bank, accordingly he took charge, with effect from 4<sup>th</sup> September 2014.

The Bank has received a notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose Shri Sanjeev Kumar Gupta as a candidate for the office of Director of the Bank and the requisite deposit of ₹1,00,000

has also been received by the Bank along with such notice. It is proposed that Shri Sanjeev Kumar Gupta will liable to retire by rotation.

Brief profile of Shri Sanjeev Kumar Gupta in terms of Clause 49 VIII E of the Listing Agreement has been provided after this Notice.

The Board recommends approval of the Resolutions for appointment of Shri Sanjeev Kumar Gupta as the Executive Director (Corporate Centre) & Chief Financial Officer of the Bank for a period of three years, with effect from 4<sup>th</sup> September 2014.

Shri Sanjeev Kumar Gupta is not related to any other Director of the Bank.

Except for Shri Sanjeev Kumar Gupta, no other Director, Key Managerial Personnel of the Bank and their relatives are financially or otherwise concerned with or interested in the resolution at item Nos. 9 and 10 of the Notice.

**Item No. 11:**

The Board of Directors of the Bank at its meeting held on 29<sup>th</sup> April 2015 approved the revision in remuneration by way of salary, allowances and perquisites payable to Shri Sanjeev Kumar Gupta, Executive Director (Corporate Centre) & Chief Financial Officer of the Bank, with effect from 1<sup>st</sup> June 2015.

During the year ended 31<sup>st</sup> March 2015, Shri Sanjeev Kumar Gupta effectively managed the broader role of the Corporate Centre Head & CFO and the set of diverse portfolios which included Finance, Information Technology and Law. The EGRC framework is now ingrained across the Bank, giving a strong foundation with regards to risk management capability across business functions. The strategy and execution areas of IT function have been strengthened. The subsidiary governance function has been streamlined and all the key policies are aligned across group subsidiaries and all monitoring mechanisms are in place. Under his leadership, the Bank has in place a defined coverage plan for key stakeholders (both external and internal). In view of this, the Nomination and Remuneration Committee of the Board, which met on 28<sup>th</sup> April 2015, reviewed the remuneration being paid to Shri Sanjeev Kumar Gupta in comparison with the remuneration of Executive Directors of peer group Banks and recommended a revision in the remuneration to be paid to him.

The Board recommends approval of the resolution.

Except for Shri Sanjeev Kumar Gupta, no other Director, Key Managerial Personnel of the Bank and their relatives are financially or otherwise concerned with or interested in the resolution at item No. 11 of the Notice.

**Item No. 12:**

The Members at the Seventeenth Annual General Meeting held on 17<sup>th</sup> June 2011 had approved the borrowing of sums not exceeding ₹1,00,000 crores under Section 293(1)(d) of the erstwhile Companies Act, 1956. In accordance with the General Circular no. 04/2014 dated 25<sup>th</sup> March 2014 issued by the Ministry of Corporate Affairs, the same was reconfirmed by the Members under Section 180(1)(c) of the Companies Act, 2013 at the Twentieth Annual General Meeting of the Members held on 27<sup>th</sup> June 2014.

The balance sheet size and net worth of the Bank have increased significantly since the last revision of the borrowing limit on 27<sup>th</sup> June 2014. Considering the substantial growth in business and operations of the Bank, present and future requirements, the approval is being sought to increase the borrowing limits from ₹1,00,000 crores to ₹1,50,000 crores under Section 180(1)(c) of the Companies Act, 2013.

The Board of Directors of the Bank at its meeting held on 29<sup>th</sup> April 2015 has approved obtaining the consent of the Members of the Bank by way of a special resolution under Section 180(1)(c) of the Companies Act, 2013.

The Board recommends approval of the special resolution.

No Director, Key Managerial Personnel of the Bank and their relatives are financially or otherwise concerned with or interested in the resolution at item No. 12 of the Notice.

**Item No. 13:**

Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 provides that a company can make private placement of securities subject to the condition that the proposed offer of securities or invitation to subscribe to securities has been previously approved by the shareholders of the company, by means of a Special Resolution, for each of the offers or invitations. In case of offer or invitation for non-convertible debentures, it shall be sufficient if the company passes special resolution only once in a year for all the offers or invitation for such debentures on a private placement basis during the year.

Keeping in view the Bank's projections in domestic and overseas operations, the Bank may need to raise additional funds in one or more tranches in Indian as well as overseas market in the form of capital to maintain the desired capital to risk weighted assets ratio (CRAR) by issuing tier I and tier II debt instruments and/or other debt instruments.

Considering the above, the Board of Directors of the Bank at its meeting held on 29<sup>th</sup> April 2015 has proposed to obtain the consent of the Members of the Bank for borrowing/raising funds in Indian currency/ foreign currency by issue of debt instruments in domestic and/or overseas market, in one or more tranches as per the structure and within the limits permitted by Reserve Bank of India and other regulatory authorities to eligible investors of an amount not exceeding ₹35,000 crores. The debt instruments would be issued by the Bank in accordance with the applicable statutory guidelines, for cash either at par or premium or at a discount to face value depending upon the prevailing market conditions.

The Board recommends approval of the special resolution.

No Director, Key Managerial Personnel of the Bank and their relatives are financially or otherwise concerned with or interested in the resolution at item No. 13 of the Notice.

**Item No. 14:**

The present consolidated FDI policy issued by the Government of India / Foreign Exchange Management Act, 1999 and various regulations framed thereunder permits the total foreign investment in a private sector bank upto 74% of its paid up share capital. Within the cap of 74%, Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs) can invest upto 49% of the paid up share capital of private sector banks, subject to the approval of its shareholders by means of a special resolution.

Presently, Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs) can invest upto 49% of the paid up share capital of the Bank in accordance with the approval granted by the shareholders by means of a special resolution. Further, the Bank has made GDR issue(s) which have been approved by means of resolutions of the shareholders passed before such issue(s) from time to time. These issues are classified as Foreign Direct Investments (FDIs).

The Hon'ble Finance Minister, during the Union Budget speech, 2015, proposed to remove distinction between different types of foreign investments, especially between foreign portfolio investments and foreign direct investments and replace it with composite cap of 74%. Presently, the Bank holds approval of Foreign Investment Promotion Board (FIPB) for foreign investment upto 62% of the paid up share capital of the Bank. It is proposed to pass an enabling resolution to increase the cap of foreign investment in the Bank from 62% to 74% of its paid up share capital. The said cap would be fungible between the various types of foreign investments i.e. Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs)/Non-resident Indians (NRIs), Foreign Direct Investment covering ADRs/GDRs and indirect foreign investment as proposed by the Hon'ble Finance Minister in the said Budget speech.

The Board recommends approval of the special resolution.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the resolution at Item No. 14 of this Notice, except to the extent of equity shares held by him/her or their relatives and equity shares held by financial institutions/company/body corporate in which the Directors, Key Managerial Personnel and their relatives may be directly or indirectly interested.

**By Order of the Board**

**Place: Mumbai**  
**Date: 29<sup>th</sup> April 2015**

**Sanjeev K. Gupta**  
**Executive Director (Corporate Centre)**  
**& Chief Financial Officer**

**Axis Bank Limited** [CIN: L65110GJ1993PLC020769]

**Registered Office:**

'Trishul', 3<sup>rd</sup> Floor, Opp. Samartheshwar Temple,  
Law Garden, Ellisbridge, Ahmedabad – 380 006.

Website : [www.axisbank.com](http://www.axisbank.com)

Phone No. : 079 - 66306161

Fax No. : 079 - 26409321

Email : [shareholders@axisbank.com](mailto:shareholders@axisbank.com)

**BRIEF PROFILE OF DIRECTORS BEING APPOINTED/ RE-APPOINTED AS SET OUT IN THIS NOTICE IN TERMS OF REVISED CLAUSE 49 VIII E OF THE LISTING AGREEMENT RELATING TO CORPORATE GOVERNANCE.**

**Smt. Usha Sangwan:** Smt. Usha Sangwan, Managing Director of Life Insurance Corporation (LIC) holds a Master's Degree in Economics and a Post Graduate Diploma in Human Resource Management. She joined LIC as Direct Recruit Officer in 1981. She has worked in almost all core areas of life insurance including Marketing, Personnel, Operations, Housing Finance, Group Business, Direct Marketing, International Operations and Corporate Communications. She has held various important positions, such as Divisional Manager-Incharge of Delhi Division, Regional Manager (Personnel & Industrial Relations), Regional Manager and General Manager (LIC Housing Finance), Executive Director (Direct Marketing & International Operations) and Executive Director (Corporate Communications). Her expertise lies in analytics, strategy, execution, people skill, use of technology particularly in marketing and servicing and setting up of systems. She has been awarded the "Women Leadership Award" in BFSI sector by Institute of Public Enterprise and "Brand Slam Leadership Award" by CMO Asia. She has also been awarded "Women Leadership Role Model" by Top Rankers Management Consultants and "Corporate Leadership Award for 2014" by Colour TV. She was also felicitated by Free Press Journal and Doordarshan for Women in Leadership Role. As on 31<sup>st</sup> March 2015, she was the member of Corporate Social Responsibility Committee and Special Committee of the Board of Directors for Monitoring of Large Value Frauds. She does not hold any equity share of the Bank.

The details of other directorship, membership and chairmanship in other companies of Smt. Usha Sangwan are as follows:

Sr. No.	Name of the Company	Nature of Interest
1.	Life Insurance Corporation of India	Managing Director
2.	Ambuja Cement Limited	Director
3.	LIC HFL Care Homes Ltd.	Chairperson
4.	Life Insurance Corporation (Singapore) PTE Ltd.	Director
5.	Life Insurance Corporation (Lanka) Limited	Director

**Shri S. Vishvanathan:** Shri S. Vishvanathan has done his M.Sc. in Physics and has completed MBA and CAIIB. He has over 37 years of Banking experience with State Bank of India (SBI). Shri S Vishvanathan retired as Managing Director & GE (Associates & Subsidiaries) of SBI. Earlier, he was Dy. Managing Director (Mid Corporate), SBI.

Prior to that, he was Managing Director & CEO of SBI Capital Markets Limited (SBICAP) for more than three years from June 2009 to August 2012. Earlier, he was Chief General Manager of State Bank of India's North Eastern operations. He has served in several important capacities which include an assignment in New York Branch and stints as Regional Manager and Deputy General Manager in Delhi Circle and as General Manager (Global Markets).

As on 31<sup>st</sup> March 2015, Shri S. Vishvanathan is a member of the Audit Committee, Committee of Directors and Grievance Redressal Committee. He is not a member of Board in any other Company. He does not hold any equity share of the Bank.

**Smt. Shikha Sharma:** Smt. Shikha Sharma has done her B.A. (Hons.) in Economics and completed her PGDBM from the Indian Institute of Management, Ahmedabad in 1980. She has a Post Graduate Diploma in Software Technology, from the National Centre for Software Technology, Mumbai.

Smt. Sharma began her career with the ICICI group where she has worked across various verticals like Project Finance, Retail Banking and Investment Banking. Her last assignment was as Managing Director & CEO of ICICI Prudential Life Insurance Company, a leading life insurance company in the private sector.

Smt. Sharma's achievements in the financial sector have received wide recognition. She is a recipient of many business awards notably; AIMA - JRD Tata Corporate Leadership Award for the Year 2014, India's Most Valuable CEOs by Businessworld-2013, India's Best Women CEO by Business Today- 2013, Ranked second in Fortune India's Most Powerful women in Business-2013, 'Transformational Business Leader of the Year' at AIMA's Managing India Awards - 2012, 'Woman Leader of the year' at Bloomberg-UTV Financial Leadership Awards - 2012 etc. She has also been listed in prominent publications such as Forbes List of Asia's 50 Power Business Women-2013 & 2012, Indian Express Most Powerful Indians - 2012, India Today Power List of 25 Most Influential Women- 2012, Fortune Global list of 50 Most Powerful Women in Business- 2011.

As on 31<sup>st</sup> March 2015, Smt. Sharma is the Chairperson of the Special Committee of the Board of Directors for Monitoring of Large Value Frauds, Committee of Whole-time Directors and Grievance Redressal Committee. She is also a member of the Committee of Directors, Risk Management Committee, Customer Service Committee, Acquisitions, Divestments & Mergers Committee and IT Strategy Committee of the Bank. She is the Chairperson of Axis Asset Management Company Limited and Axis Capital Limited, the subsidiaries of the Bank. As on 31<sup>st</sup> March 2015, she holds 3,50,000 equity shares of ₹2/- each of the Bank allotted to her under ESOP scheme of the Bank.

**Shri Sanjeev Kumar Gupta:** Shri Sanjeev Kumar Gupta holds an MBA degree from the Faculty of Management Studies, University of Delhi besides an M.Com degree from the University of Rajasthan. He is a Certified Associate of the Indian Institute of Bankers (CAIIB), Fellow of the Association of Chartered Certified Accountants (FCCA), UK and a Chartered Professional Accountant & Certified General Accountant from Canada. He also holds an Advanced Diploma in Taxation from Punjab University.

Shri Sanjeev Kumar Gupta is the Executive Director (Corporate Centre) and Chief Financial Officer of the Bank. He has served the Bank for 20 years in various managerial and leadership roles, Shri Gupta was elevated to the current position in September 2014. He is, inter alia, responsible for establishing the financial strategy of the Bank, maximizing profitability through financial management, capital management, internal controls and operational enhancements.

Shri Sanjeev Kumar Gupta is a Director of Axis Bank U.K. Limited, a subsidiary of the Bank. He is a member of the Committee of Directors, Stakeholders Relationship Committee, Special Committee of the Board of Directors for Monitoring of Large Value Frauds, Committee of Whole-Time Directors and IT Strategy Committee of the Bank. As on 31<sup>st</sup> March 2015, he holds 75,565 equity shares of the Bank allotted to him under ESOP scheme of the Bank.



**AXIS BANK LIMITED**

**Registered Office: 'Trishul', 3<sup>rd</sup> Floor, Opp. Samartheshwar Temple,  
Law Garden, Ellisbridge, Ahmedabad – 380 006  
CIN - L65110GJ1993PLC020769  
Tel No. : 079 – 66306161, Fax No. : 079 – 26409321  
Email - shareholders@axisbank.com, Website - www.axisbank.com**

**ATTENDANCE SLIP**

**PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING HALL AND HAND IT OVER AT THE ENTRANCE**

I/We hereby record my/our presence at the 21<sup>st</sup> Annual General Meeting of Axis Bank Limited held at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015 on Friday, the 24<sup>th</sup> July 2015, at 10.00 A.M. or at any adjournment(s) thereof.

Name of the Shareholder :

Registered Address of the Shareholder :

Folio No./Client ID/DP ID No. :

Number of shares held :

Name of the Proxy/Representative, if any :

Signature of the Member/s/Proxy :

Signature of the Proxy/Representative :

✂.....✂

**FOR IMMEDIATE ATTENTION OF THE SHAREHOLDERS**

Shareholders may please note the user ID and password are given below for the purpose of remote e-voting in terms of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015. Detailed instructions for remote e-voting are given in the Notice convening the 21<sup>st</sup> Annual General Meeting.

E-VOTING EVENT NUMBER	USER ID	PASSWORD

**Form No. MGT-11****PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN :	L65110GJ1993PLC020769		
Name of the Company :	<b>Axis Bank Limited</b>		
Registered Office :	'Trishul', 3 <sup>rd</sup> Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad – 380 006 <b>Phone No. :</b> 079 - 66306161; <b>Fax No. :</b> 079 - 26409321 <b>Email :</b> shareholders@axisbank.com; <b>Website :</b> www.axisbank.com		
Name of the member (s) :			
Registered address :			
E-mail Id :			
Folio No./ Client Id :		DP ID :	

I/We, being the member (s) of ..... shares of the above named Bank, hereby appoint

1.	Name		
	Address		
	E-mail Id	or failing him / her	
	Signature		
2.	Name		
	Address		
	E-mail Id	or failing him / her	
	Signature		
3.	Name		
	Address		
	E-mail Id	Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21<sup>st</sup> Annual General Meeting of the Bank, to be held on the 24<sup>th</sup> July 2015 at 10.00 a.m. at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015 and at any adjournment(s) thereof in respect of the resolution(s), as enumerated below:

S. No.	Particulars of Resolution	S. No.	Particulars of Resolution
1.	To receive, consider and adopt : (a) the audited financial statements of the Bank for the financial year ended 31 <sup>st</sup> March 2015 and the Reports of the Directors and Auditors thereon; and (b) the audited consolidated financial statements for the financial year ended 31 <sup>st</sup> March 2015 and the Report of the Auditors thereon.	2.	Declaration of dividend on Equity Shares of the Bank.
3.	Appointment of a Director in place of Smt. Usha Sangwan (DIN 02609263), who retires by rotation and being eligible, offers herself for re-appointment.	4.	Appointment of S. R. Batliboi & Co LLP, Chartered Accountants, Mumbai, having registration number 301003E issued by the Institute of Chartered Accountants of India, as the Statutory Auditors of the Bank to hold office as such from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.
5.	Appointment of Shri S. Vishvanathan (DIN 02255828) as an Independent Director of the Bank.	6.	Revision in the remuneration payable to Dr. Sanjiv Misra (DIN 03075797) Chairman of the Bank.
7.	Re-appointment of Smt. Shikha Sharma (DIN 00043265) as the Managing Director & CEO of the Bank.	8.	Revision in the remuneration payable to Shri V. Srinivasan (DIN 00033882) Whole-Time Director designated as 'Executive Director & Head (Corporate Banking)' of the Bank.
9.	Appointment of Shri Sanjeev Kumar Gupta (DIN 00237353) as a Director of the Bank.	10.	Appointment of Shri Sanjeev Kumar Gupta (DIN 00237353) as the Whole-Time Director designated as 'Executive Director (Corporate Centre) & Chief Financial Officer' of the Bank.
11.	Revision in the remuneration payable to Shri Sanjeev Kumar Gupta (DIN 00237353), as the Whole-Time Director designated as 'Executive Director (Corporate Centre) & Chief Financial Officer' of the Bank.	12.	Increase in Borrowing limits of the Bank upto ₹1,50,000 crores under Section 180 (1)(c) of the Companies Act, 2013.
13.	Borrowing/Raising funds in Indian Currency/Foreign Currency by issue of debt Instruments including but not limited to bonds and non-convertible debentures for an amount upto ₹35,000 crores.	14.	Acquiring and holding equity shares of the Bank, by the Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) / Non-resident Indians (NRIs), Foreign Direct Investment covering ADRs / GDRs and indirect foreign investment in any combination thereof, upto 74% of the paid up share capital of the Bank.

Signed this ..... day of ..... 2015.

Signature of shareholder : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

Affix  
Revenue  
Stamp  
of Re.1/-

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Bank, not less than 48 hours before the commencement of the Meeting.**

**Form No. MGT-12****Polling Paper****[Pursuant to Section 109(5) of the Companies Act, 2013 and Rule 21 (1) (c) of the Companies (Management and Administration) Rules 2014]**

Name of the Company : Axis Bank Limited  
 CIN : L65110GJ1993PLC020769  
 Registered Office : 'Trishul', 3<sup>rd</sup> Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad – 380 006,  
 Phone No. : 079 - 66306161  
 Fax No. : 079 - 26409321  
 Email : [shareholders@axisbank.com](mailto:shareholders@axisbank.com)  
 Website : [www.axisbank.com](http://www.axisbank.com)

S. No.	Particulars	Details
1	Name of the First Named Shareholder (In block letters)	
2	Postal Address	
3	Registered Folio No./DP ID No./ Client ID No.* (*Applicable to Shareholders holding share(s) in Demat form)	
4	Class of Share	

I hereby exercise my vote in respect of Ordinary/Special Resolution(s) enumerated below, by recording my assent or dissent to the said Resolution(s) in the following manner:

Item No.	Particulars of the Resolution	No. of Shares held by me	I assent to the Resolution	I dissent to the Resolution
1.	<b>Ordinary Resolution:</b> To receive, consider and adopt :			
	(a) the audited financial statements of the Bank for the financial year ended 31 <sup>st</sup> March 2015 and the Reports of the Board of Directors and the Auditors thereon; and (b) the audited consolidated financial statements for the financial year ended 31 <sup>st</sup> March 2015 and the Report of the Auditors thereon.			
2.	<b>Ordinary Resolution:</b> Declaration of dividend on Equity Shares of the Bank.			
3.	<b>Ordinary Resolution:</b>			
	Appointment of a Director in place of Smt. Usha Sangwan (DIN 02609263), who retires by rotation and, being eligible, offers herself for re-appointment.			
4.	<b>Ordinary Resolution:</b> Appointment of S. R. Batliboi & Co LLP, Chartered Accountants, Mumbai, having registration number 301003E issued by the Institute of Chartered Accountants of India as the Statutory Auditors of the Bank and to hold office as such from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.			



Item No.	Particulars of the Resolution	No. of Shares held by me	I assent to the Resolution	I dissent to the Resolution
5.	<b>Ordinary Resolution:</b> Appointment of Shri S. Vishvanathan (DIN 02255828) as an Independent Director of the Bank.			
6.	<b>Ordinary Resolution:</b> Revision in the remuneration payable to Dr. Sanjiv Misra (DIN 03075797) Chairman of the Bank.			
7.	<b>Ordinary Resolution:</b> Re-appointment of Smt. Shikha Sharma (DIN 00043265) as the Managing Director & CEO of the Bank for a period of 3 years w.e.f. 1 <sup>st</sup> June 2015.			
8.	<b>Ordinary Resolution:</b> Revision in the remuneration payable to Shri V. Srinivasan (DIN 00033882) Whole-Time Director designated as 'Executive Director & Head (Corporate Banking)' of the Bank.			
9.	<b>Ordinary Resolution:</b> Appointment of Shri Sanjeev Kumar Gupta (DIN 00237353) as a Director of the Bank for a period of 3 years w.e.f. 4 <sup>th</sup> September 2014.			
10.	<b>Ordinary Resolution:</b> Appointment of Shri Sanjeev Kumar Gupta (DIN 00237353) as the Whole-Time Director designated as 'Executive Director (Corporate Centre) & Chief Financial Officer' of the Bank.			
11.	<b>Ordinary Resolution:</b> Revision in the remuneration payable to Shri Sanjeev Kumar Gupta (DIN 00237353), as the Whole-Time Director designated as 'Executive Director (Corporate Centre) & Chief Financial Officer' of the Bank.			
12.	<b>Special Resolution:</b> Increase in Borrowing limits of the Bank upto ₹1,50,000 crores under Section 180 (1)(c) of the Companies Act, 2013.			
13.	<b>Special Resolution:</b> Borrowing/Raising funds in Indian Currency/Foreign Currency by issue of debt Instruments including but not limited to bonds and non-convertible debentures for an amount of upto ₹35,000 crores.			
14.	<b>Special Resolution:</b> Acquiring and holding equity shares of the Bank, by the Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) / Non-resident Indians (NRIs), Foreign Direct Investment covering ADRs / GDRs and indirect foreign investment in any combination thereof, upto 74% of the paid up share capital of the Bank.			

Place :

Date :

\_\_\_\_\_  
Signature of the Shareholder



## INSTRUCTIONS

1. A shareholder desiring to exercise vote by Ballot Form may complete this Ballot Form and send it to the Scrutinizer in the attached self-addressed business reply envelope. Postage will be borne and paid by the Bank. However, envelopes containing Ballot Form, if sent by courier or by registered post at the expense of the shareholder will also be accepted.
2. The self-addressed business reply envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Bank.
3. This Ballot Form should be completed and signed by the shareholder as per the specimen signature registered with the Bank or the Depository Participant. In case of joint holding, this Ballot Form should be completed and signed by the first named shareholder and in his absence, by the next named joint shareholder.
4. There will be only one Ballot Form for every Folio / Client ID irrespective of number of joint holders.
5. The votes should be casted either in favour or against by putting the tick (√) mark in the column provided for assent or dissent. Ballot Form bearing tick marks in both the columns for the same shares will render the Ballot Form invalid.
6. Unsigned, incorrectly signed or incomplete Ballot Forms will be rejected.
7. Duly completed Ballot Form should reach the Scrutinizer not later than 17:00 hours (IST) on Monday, 20<sup>th</sup> July 2015. Ballot Forms received after this date and time will be treated as if the reply from the shareholder has not been received.
8. Voting rights shall be reckoned on the number of shares registered in the name of the shareholders as on Friday, 17<sup>th</sup> July 2015 in terms of the Companies (Management and Administration) Amendment Rules, 2015.
9. Ballot Forms signed in the representative capacity must be accompanied by the requisite certified true copy of power of attorney / resolution of board of directors of the corporate shareholder being represented. If the same is / are already registered with the Bank, please quote the registration no. beneath the signature.
10. Shareholders are requested not to send any other paper along with the Ballot Form. They are also requested not to write anything on the Ballot Form except giving their assent or dissent and putting their signature.
11. Remote e-Voting: The Bank is pleased to offer the remote e-voting facility. The process to be followed is explained in the notice convening the 21<sup>st</sup> Annual General Meeting.
12. The consolidated results of voting electronically, through Ballot Form and by way of Poll at the meeting will be published in the newspapers at the place where the Registered Office of the Bank is situated, for the information of the shareholders, uploaded on the Bank's website [www.axisbank.com](http://www.axisbank.com) and communicated to the stock exchanges where the Bank's shares are listed.
13. The Scrutinizer's decision on the validity of a ballot shall be final and binding on the Bank and all the shareholders.





Twenty First Annual Report 2014-15

## ECS MANDATE FORM

To  
Karvy Computershare Private Limited  
Unit : Axis Bank Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500 032.

**FOR SHARES HELD IN PHYSICAL MODE**  
**Please complete this form and send it to**  
**Karvy Computershare Private Limited, Hyderabad**

**FOR SHARES HELD IN DEMAT MODE**  
**Shareholders should inform their DPs directly**

I hereby consent to have the amount of dividend on my equity shares credited through the National Electronic Clearing Service (Credit Clearing) - (NECS). The particulars are:

1. Folio No. \_\_\_\_\_
2. Name of 1<sup>st</sup> Registered holder \_\_\_\_\_
3. Bank Details \_\_\_\_\_
  - Name of Bank \_\_\_\_\_
  - Full address of the Branch \_\_\_\_\_
  - Account Number \_\_\_\_\_
  - Bank Ledger No. \_\_\_\_\_
  - Account Type : (Please tick the relevant box for Savings Bank Account or Current Account or Cash Credit Account)

<input type="checkbox"/> 10 - Savings	<input type="checkbox"/> 11 - Current	<input type="checkbox"/> 12 - Cash Credit
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- 9 Digit Code number of the Bank and branch appearing on the MICR cheque issued by the Bank (Please attach a photocopy of a cheque for verifying the accuracy of the code number):

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I hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I will not hold the Bank responsible.

(Signature of the 1<sup>st</sup> Registered holder as per  
the specimen signature with the Bank)

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Date : \_\_\_\_\_ / \_\_\_\_\_ /2015

\_\_\_\_\_  
\_\_\_\_\_

**FORM A****Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company	Axis Bank Limited
2.	Annual financial statement for the year ended	31 <sup>st</sup> March 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable

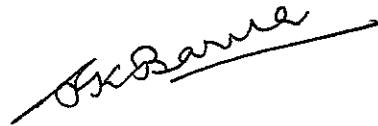
Refer our Auditors' Report dated 29/04/2015  
On the financial statements of the Company  
**For S.R. Batliboi & CO. LLP**  
Chartered Accountants  
(ICAI Firm Registration No. 301003E)



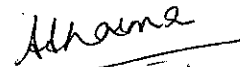
**Viren H. Mehta**  
Partner  
(Membership No. 048749)

Place : Mumbai  
Date : 24.06.2015

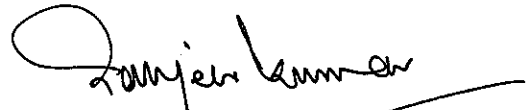
**For Axis Bank Ltd.**



**Samir K. Barua**  
Audit Committee Chairman



**Shikha Sharma**  
Managing Director & CEO



**Sanjeev K. Gupta**  
Executive Director (Corporate  
Centre) & CFO