



AXIS/CO/CS/276/2018-19

21<sup>st</sup> June 2018

Shri Avinash Kharkar  
The Assistant Vice President  
(Listing & Compliance)  
National Stock Exchange of India Limited  
Exchange Plaza, 5th Floor  
Plot No. C/1, "G" Block  
Bandra-Kurla Complex  
Bandra (E), Mumbai – 400 051

Shri Khushru Balsara  
The Senior General Manager  
(Listing)  
The Bombay Stock Exchange Limited  
1st Floor, New Trading Ring, Rotunda  
Building  
P. J. Towers, Dalal Street  
Fort, Mumbai – 400 001

NSE Symbol : AXISBANK

BSE Scrip Code: 532215

Dear Sir(s),

**SUB: ANNUAL REPORT OF AXIS BANK LIMITED FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018.**

**REF: REGULATION 34 (1) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENT) REGULATIONS, 2015 ("LISTING REGULATIONS").**

We wish to inform you that the 24<sup>th</sup> Annual General Meeting (AGM) of the Bank was held on 20<sup>th</sup> June 2018 at 10.00 A.M. at J.B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad, Gujarat - 380 015.

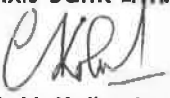
We are pleased to inform you that all the resolutions as set out in the Notice dated 16<sup>th</sup> May 2018 have been approved by the Shareholders with the requisite majority as mandated under the provisions of the Companies Act, 2013 and the relevant Rules made thereunder.

In terms of Regulation 34 (1) of the Listing Regulations, please find enclosed herewith a soft copy of the Annual Report of the Bank for the Financial Year 2017-18 along with all the reports and annexures thereon and Business Responsibility Report of the Bank for the Financial Year 2017-18.

You are requested to take note of the above and arrange to bring it to the notice of all concerned.

Thanking you.

Yours Sincerely,  
For Axis Bank Limited,

  
Girish V. Koliyote  
Company Secretary

Encl.: As above.



# CONTENTS

## 01-29

### BUSINESS REVIEW

- 02 Building on a strong foundation
- 03 Expanding our reach
- 04 Revisiting 2017-18
- 06 Measuring our progress
- 08 A closer look at our business segments
- 10 Message from the Managing Director & CEO
- 14 Addressing national priorities
- 18 Enriching customer experiences
- 22 Nurturing future achievers
- 25 Purpose beyond profit
- 27 Awards and recognition
- 28 Board of Directors
- 29 Core management team

## 30-128

### STATUTORY REPORTS

- 30 Directors' Report
- 41 Management discussion and analysis
- 62 Corporate governance
- 104 Other reports

## 129-262

### FINANCIAL STATEMENTS

- 130 Independent Auditor's Report - Standalone Financial Statements
- 134 Standalone Financial Statements
- 214 Independent Auditor's Report - Consolidated Financial Statements
- 218 Consolidated Financial Statements
- 262 Form AOC 1

## 263-290

### BASEL III DISCLOSURES



EXPLORE ONLINE  
[www.axisbank.com](http://www.axisbank.com)

## AXIS BANK DELIVERS VALUE

Axis Bank is India's third largest private sector bank, offering a wide spectrum of financial products and services to customer segments spanning retail, Small and Medium Enterprises (SMEs) and corporate businesses. The Bank has a strong team of over 59,600 employees and is present across 2,163 cities and towns across India.

It also has 11 overseas offices with branches in Singapore, Hong Kong, Dubai (at the DIFC), Shanghai and Colombo; an offshore banking unit at International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar; representative offices in Dubai, Abu Dhabi, Sharjah and Dhaka; and an overseas subsidiary in London, UK.

## PROGRESS IN 2017-18

**₹691,330 CRORES**

TOTAL ASSETS  
15% y-o-y GROWTH

**₹453,623 CRORES**

TOTAL DEPOSITS  
9% y-o-y GROWTH

**₹439,650 CRORES**

TOTAL ADVANCES  
18% y-o-y GROWTH

**₹56,747 CRORES**

TOTAL INCOME  
1% y-o-y GROWTH

**₹18,618 CRORES**

NET INTEREST INCOME  
3% y-o-y GROWTH

WE LIVE IN A WORLD WHERE TODAY'S **WOW** QUICKLY BECOMES TOMORROW'S ORDINARY, AND THE RULES OF BUSINESS LEADERSHIP TRANSFORM IN THE BLINK OF AN EYE AND WHERE FABULOUS INNOVATION IS THE NEW NORMAL AND ENCOURAGINGLY, CUSTOMERS ARE ALWAYS SEEKING A BETTER WAY.

They are rightfully demanding that we not just serve their current financial requirements efficiently, but also anticipate their future ones. We are happy to start our day at Axis Bank with unrelenting customer obsession, ingenuity and commitment to operational excellence.

We are catering to the requirements of small and medium businesses and helping build national infrastructure. We are expanding and deepening our footprint across India's vast terrain, transcending the digital divide in the urban and semi-urban growth centres and in the under-banked rural areas.

At the same time, we continue to reinforce our infrastructure, investing in ahead-of-the-curve technology, strengthening governance and control framework and nurturing future leadership.

As we continue our journey, we renew ourselves to embrace new opportunities to learn, grow and deliver – for our greatest accomplishments lie ahead of us.

Beyond business, we are reaching out to create tangible impact in the lives of those who are marginalised. Our sustainable livelihood programmes aim to strengthen farm productivity, improve natural resource management, provide alternative income-generating options and increase employability and entrepreneurial skills.

India's banking industry is constantly evolving and our objective is to be at the vanguard of this change through consistent innovation and stakeholder outreach. We will continue to innovate around the aspirations of our customers and stakeholders and go the extra mile to partner their progress and usher in real impact in their lives.



## BUILDING ON A STRONG FOUNDATION

Our journey began in 1994. Over the years, we have steadily grown the scale and scope of the business, offering a comprehensive suite of financial products and services and emerging as India's third largest private sector bank. We leverage technology and our deep understanding of India's financial markets to make banking for our customers faster, simpler and more secure.

The trust and confidence of our customers remain our strongest anchor, encouraging us to consistently improve our products and service propositions. We are reaching out to millions of customers in India, enriching their lives through our products and services. We have 3,703 branches in India and we are planning to further strengthen our physical presence. At the same time, our digital outreach continues to grow significantly.

Our customer centricity has enabled us to achieve consistent growth with a five-year CAGR (2013-14 to 2017-18) of 15% in total assets, 12% in total deposits and 17% in total advances.



### VISION

To be the preferred financial solutions provider excelling in customer delivery through **insight, empowered employees and smart use of technology.**



### CORE VALUES

- Customer Centricity
- Ethics
- Transparency
- Teamwork
- Ownership

**₹691,330 CRORES**

BALANCE SHEET SIZE

**₹131,022 CRORES**

MARKET CAPITALISATION

**22.34 MILLION**

DEBIT CARD BASE

**4.48 MILLION**

CREDIT CARD BASE

**16.57%**

CAPITAL ADEQUACY RATIO

**13.04%**

TIER - I CAPITAL  
ADEQUACY RATIO

STANDALONE FIGURES AS ON/FOR THE YEAR ENDED 31 MARCH 2018

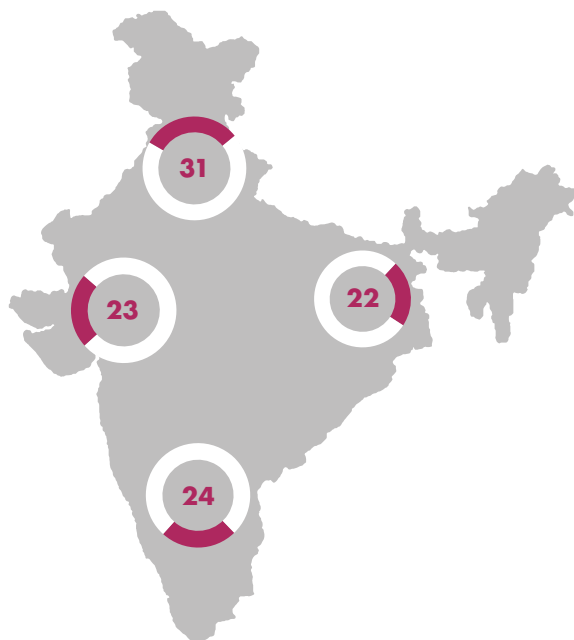


## EXPANDING OUR REACH

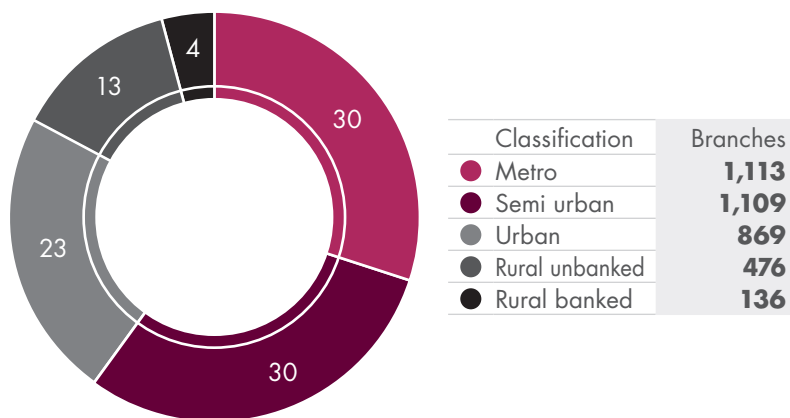
<b>13,814</b>	<b>2,263</b>	<b>3,703*</b>	<b>66</b>
ATMS	CASH DEPOSIT & WITHDRAWAL MACHINES	BRANCHES	SME CENTRES

\*DOMESTIC BRANCHES, INCLUDING EXTENSION COUNTERS | AS ON 31 MARCH 2018

### REGION-WISE BRANCHES (%)



### BRANCH CLASSIFICATION (%)



As on 31 March 2018

## REACHING MORE CUSTOMERS THROUGH DIGITAL CHANNELS

Our digital journey started more than a decade ago. Ever since inception, the digital paradigm has always been the force multiplier for us in the competitive banking landscape. We realised that digital was going to radically change India's entire banking landscape and when the ecosystem moved to digital, we made a conscious call to grow our prominence in the space.



**6.8 MILLION**

AXIS MOBILE APP USERS



**3.7 MILLION**

FREECHARGE MONTHLY ACTIVE USERS



**₹192,735 CRORES\***

VALUE OF MOBILE TRANSACTIONS\*



**₹429,700 CRORES**

VALUE OF DIGITAL CHANNEL TRANSACTIONS



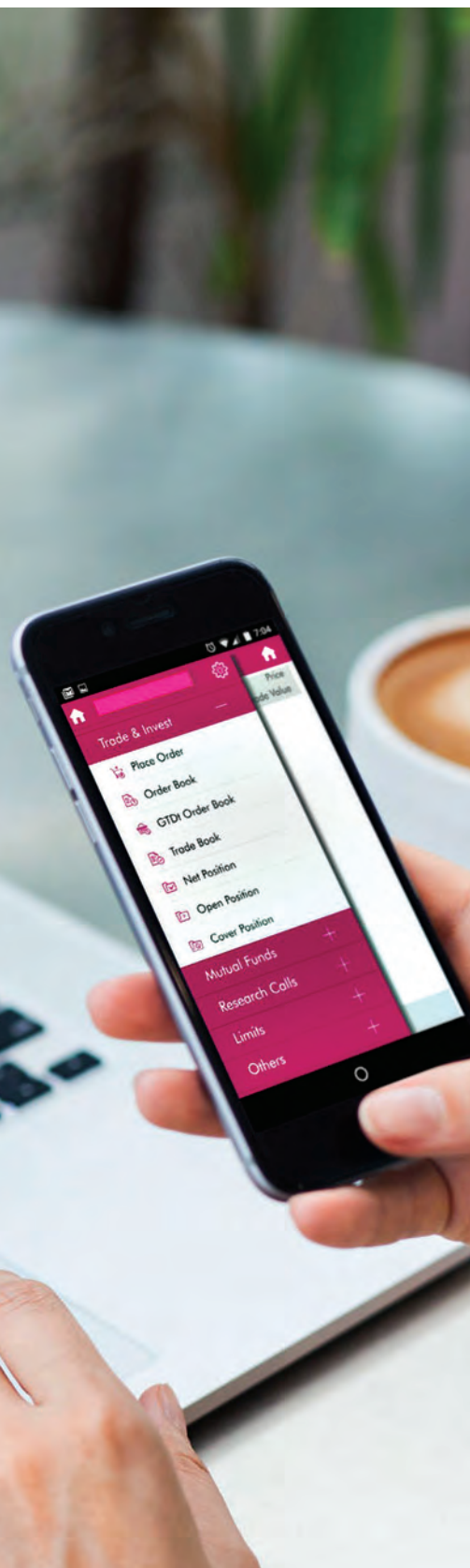
**5+ LAKHS**

EDC MACHINES NETWORK

\* Including UPI/BHIM transactions

Figures are as on/for the year ended 31 March 2018





## REVISITING 2017-18



### RETAIL BANKING

- Savings bank deposits grew by 18% y-o-y and stood at ₹148,202 crores
- Launched dedicated inward remittance rates for NRI customers on wire transfers, simplifying banking; we also launched the new digital remittance platform - remitmoney.com - to enhance customer convenience
- Tied up with the Indian Health Organisation (IHO) for discounted health services for family members of NRI customers
- Launched 'Experience Axis campaign', converging all offerings across shopping, dining and travel
- Mortgage loans crossed the ₹1 lakh crores mark during 2017-18 and stood at ₹100,012 crores
- Launched Shubh Aarambh Home Loans that allow four EMLs to be waived off every four years for home loans of up to ₹30 lakh - to fortify our footprint in the affordable housing segment
- Launched Axis ASAP (savings account that can be instantly opened online with just PAN and Aadhaar details) - offers industry-first feature where savings balances over ₹10,000 are automatically treated as fixed deposit and customers earn 6.75% interest

**LAUNCHED  
'EXPERIENCE AXIS',  
CAMPAIGN CONVERGING ALL  
OFFERINGS ACROSS SHOPPING,  
DINING AND TRAVEL**



### TECHNOLOGY AND DIGITAL BANKING

- Built a strong technology platform and developer-friendly APIs that allow partners/start-ups to plug-and-play Axis UPI on their mobile applications; the platform is available to Google Tez, Uber, Samsung Pay, LIC, IRCTC and Big Bazaar
- Onboarded over 11.5 million UPI IDs of which 64% were non-Axis Bank customers, which led to the Bank's share of 17% in UPI transactions
- Launched Axis Aha! Chatbot on the website, a conversational assistant powered by Artificial Intelligence
- 20,000 biometric readers deployed to leverage electronic Know Your Customer (e-KYC) for account opening and other Aadhaar-based services



### INTERNATIONAL BANKING

- Opened International Finance branch, an offshore banking unit at International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar
- Opened representative office in Sharjah, UAE



## CORPORATE BANKING

- Lending focus continues to remain on better rated corporates and ~86% of new sanctions in the corporate book were to companies rated 'A' and above
- Currently, 77% of outstanding standard corporate loans are to companies rated 'A' and above
- Launched instant international payment services using Ripple's enterprise blockchain technology solution
- Continued to remain a dominant player in the Debt Capital Market segment by arranging ₹184,104 crores of bonds and debentures for various PSUs and corporates in 2017-18



## PAYMENTS

- Substantial increase in credit card spends by 54% to ₹44,328 crores in 2017-18 from ₹28,740 crores last year
- Axis Bank and Kochi Metro joined hands to launch India's first single-wallet contactless, open-loop metro card, enabling cashless commuting along with an enhanced shopping experience
- Our merchant acquiring business continues to be among India's largest, with over 5.02 lakh base of installed terminals, of which 2.26 lakh terminals are enabled for accepting contactless payments



## CAPITAL RAISE AND BUSINESS ACQUISITION

- Raised ₹8,680 crores of capital from a consortium of investors (Bain Capital, Life Insurance Corporation of India and other marquee investors). Also allotted 4.54 crores share warrants exercisable within a period of 18 months, which upon conversion into shares will add ₹2,563 crores to the CET-1 capital of the Bank
- Acquired FreeCharge, one of the leading payment fintechs in India in October 2017, through acquisition of two legal entities - Accelyst Solutions Private Limited and FreeCharge Payment Technologies Private Limited

**RAISED ₹8,680 CRORES FROM A CONSORTIUM OF INVESTORS (BAIN CAPITAL, LIFE INSURANCE CORPORATION OF INDIA AND OTHER MARQUEE INVESTORS)**

**4TH**

**LARGEST CREDIT CARD ISSUER IN INDIA**

**7%**

**MARKET SHARE IN DEBIT CARDS BASED ON SPENDS AT POS TERMINALS**



## CORPORATE SOCIAL RESPONSIBILITY (CSR) & PEOPLE

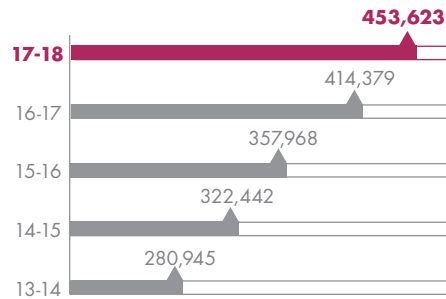
- Spent ₹133.77 crores towards various CSR initiatives in 2017-18
- Under our overarching theme of 'Sustainable Livelihoods', Axis Bank Foundation's (ABF) current programmes are aimed towards strengthening and increasing farm productivity, improving natural resource management, providing alternate income-generating options and increasing employability and entrepreneurial skills
- Axis Dil Se is aimed at transforming over 100 village schools in Leh and Kargil districts by creating physical and educational infrastructure. This initiative is aligned with the Government of India's Border Area Development Programme (BADP)
- Solarised Axis House, Noida, reducing carbon emissions by 12.70 lakh kg annually
- Pledged support towards the Government of Maharashtra's 'Village Social Transformation Mission' aiming to address adverse conditions in 1,000 villages plagued by drought, low human development index and various other social challenges to transform them into 'model villages'
- During the year, over 24,600 employees underwent a two-day behavioural training programme customised to their grade and their role challenges

**THROUGH VARIOUS INITIATIVES ACROSS 21 STATES AND 178 DISTRICTS, ABF HAS HELPED IMPACT AND IMPROVE A MILLION LIVELIHOODS**



## MEASURING OUR PROGRESS

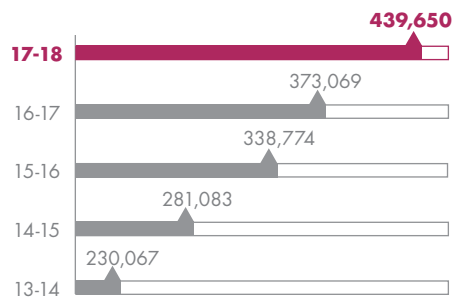
### TOTAL DEPOSITS (₹ IN CRORES)



▲ 5-year CAGR **12%** y-o-y growth **9%**

Deposit franchise delivers yet another strong year

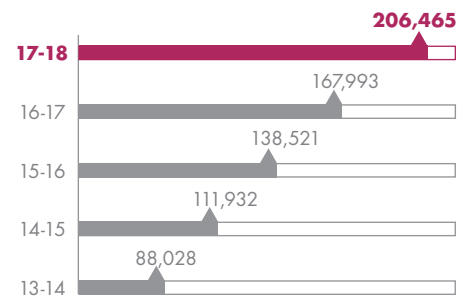
### TOTAL ADVANCES (₹ IN CRORES)



▲ 5-year CAGR **17%** y-o-y growth **18%**

Loan growth continues to remain strong

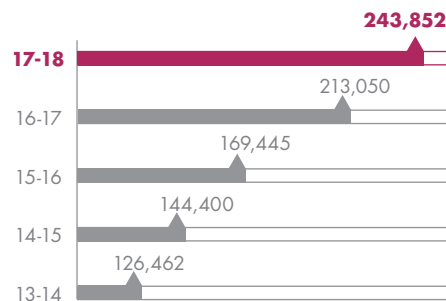
### RETAIL ADVANCES (₹ IN CRORES)



▲ 5-year CAGR **26%** y-o-y growth **23%**

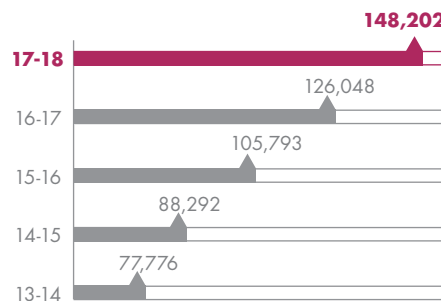
Loan portfolio of the Bank is now dominated by Retail, representing 47% of total advances

### CASA (₹ IN CRORES)



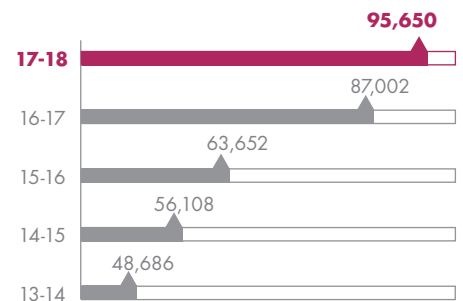
▲ 5-year CAGR **17%** y-o-y growth **14%**

### SAVINGS BANK DEPOSITS (₹ IN CRORES)



▲ 5-year CAGR **18%** y-o-y growth **18%**

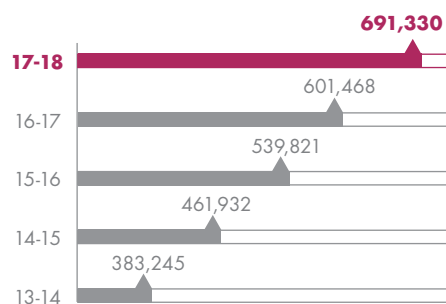
### CURRENT ACCOUNT DEPOSITS (₹ IN CRORES)



▲ 5-year CAGR **15%** y-o-y growth **10%**

Low cost deposits continue to report healthy growth

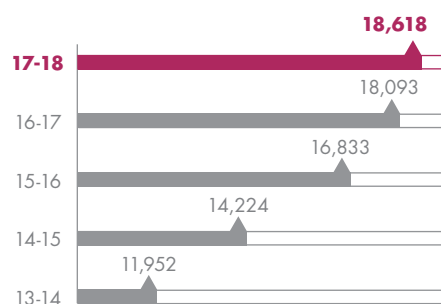
### TOTAL ASSETS/LIABILITIES (₹ IN CRORES)



▲ 5-year CAGR **15%** y-o-y growth **15%**

Overall balance sheet growth remains healthy

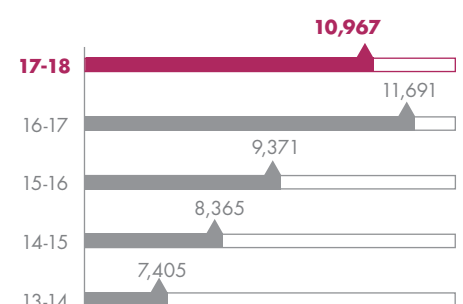
### NET INTEREST INCOME (₹ IN CRORES)



▲ 5-year CAGR **14%** y-o-y growth **3%**

NII grew 3% y-o-y impacted mainly by high slippages

### OTHER INCOME (₹ IN CRORES)

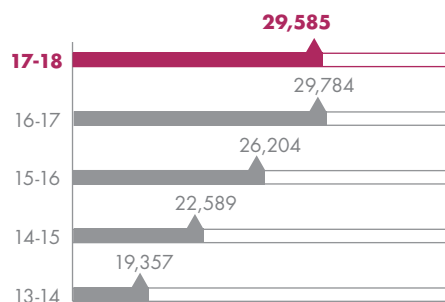


▲ 5-year CAGR **11%** y-o-y growth **(6%)**

Other income declined y-o-y on account of lower trading gains



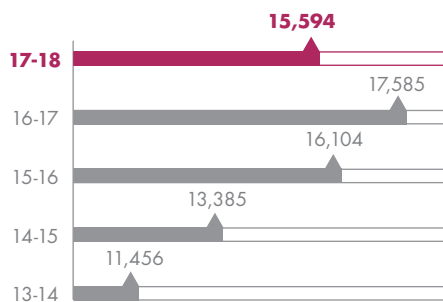
### OPERATING REVENUE (₹ IN CRORES)



▲ 5-year CAGR **13%** y-o-y growth **(1%)**

Operating revenue impacted by lower growth in NII and lower trading gains

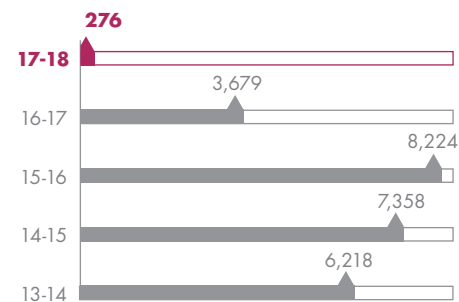
### OPERATING PROFIT (₹ IN CRORES)



▲ 5-year CAGR **11%** y-o-y growth **(11%)**

Operating profit declined on account of higher growth in operating expenses compared to growth in operating revenue

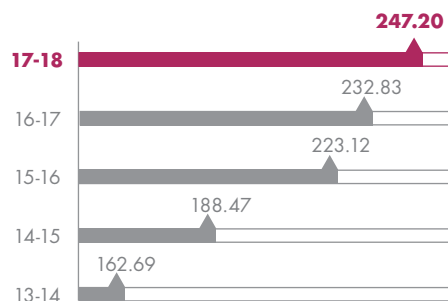
### NET PROFIT (₹ IN CRORES)



▲ y-o-y growth **(93%)**

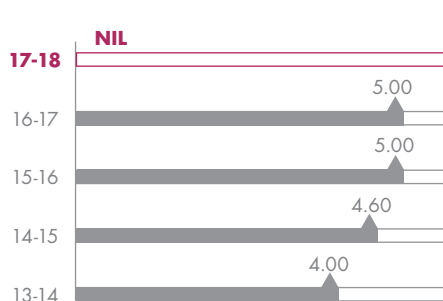
Earnings impacted by provisioning on NPAs

### BOOK VALUE PER SHARE\* (₹)

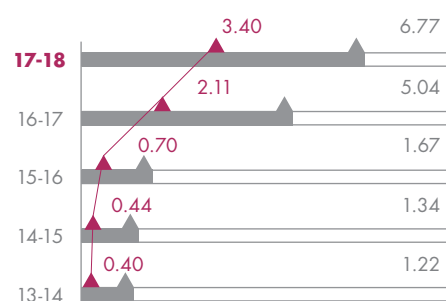


▲ 5-year CAGR **12%** y-o-y growth **6%**

### DIVIDEND PER SHARE\* (₹)



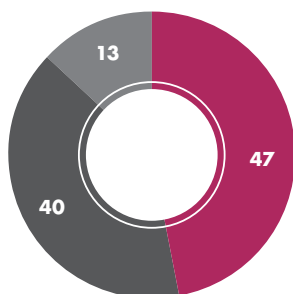
### GROSS NPA/NET NPA (%)



▲ NET NPA ▲ GROSS NPA

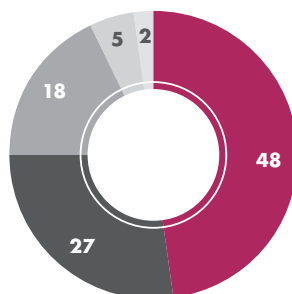
\*Previous year figures have been adjusted to reflect the effect of sub-division of one equity share of the Bank having nominal value of ₹10 each into five equity shares of nominal value of ₹2 each.

### LOANS & ADVANCES MIX IN 2017-18 (%)



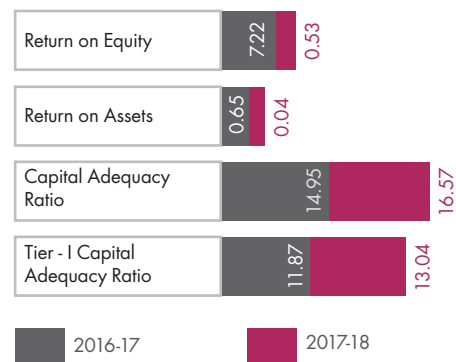
● Retail ● SME ● Corporate

### FEE INCOME MIX IN 2017-18 (%)



● Retail Banking ● SME ● Transaction Banking ● Treasury and DCM ● Corporate Credit

### FINANCIAL RATIOS (%)



Previous year figures have been re-grouped wherever necessary. All above figures are standalone.

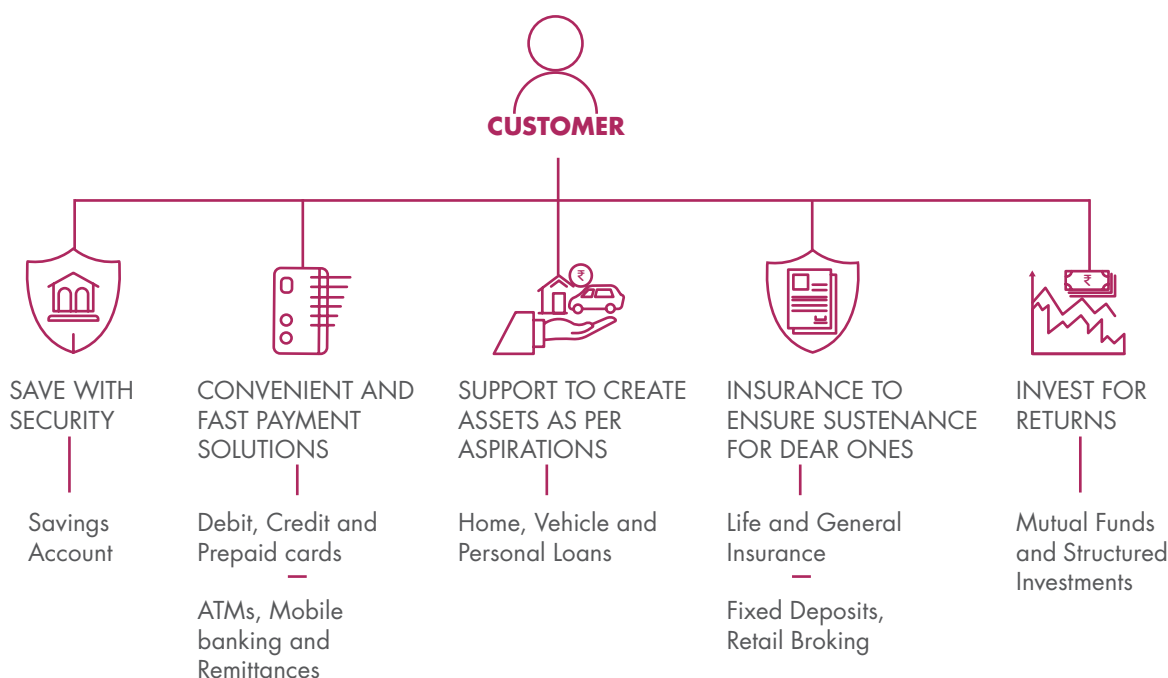
## A CLOSER LOOK AT OUR BUSINESS SEGMENTS

Our corporate banking and retail banking segments cater to diverse customer requirements and enable them to achieve their aspirations.



### Retail Banking

At Axis Bank, our retail banking segment offers end-to-end banking solutions to our retail customers through multiple channels. Our wide range of products and services include term deposits, loans, investments and payment solutions.



#### RETAIL DEPOSITS

Our retail deposits include savings accounts, time deposits and tailor-made products for a few target groups, such as high net-worth individuals, senior citizens, working mothers, armed forces personnel, students and salaried employees.

**₹148,202 CRORES**

SAVING BANK DEPOSITS IN 2017-18  
18% y-o-y GROWTH

**₹95,650 CRORES**

RETAIL TERM DEPOSITS IN 2017-18  
11% y-o-y GROWTH

#### INVESTMENT PRODUCTS

We distribute market investment products such as mutual funds and bancassurance products (such as Life and General Insurance) through our branches. We further provide a simplified online trading platform – Axis Direct – to customers in association with Axis Securities Limited (a 100% subsidiary company of the Bank).

#### RETAIL LENDING

We offer a wide range of retail asset products including personal loans, auto loans, consumer loans, loans against gold and education loans, along with different types of secured loans. Our payment products and services comprise debit cards, credit cards, travel currency cards and Point-of-Sale (PoS) terminals.



## Corporate Banking

Our corporate banking solutions comprise credit, transaction banking, treasury, syndication, investment banking and trustee services.

### CREDIT

Our loan and fee-based products and services are tailored to meet the financial requirements of large and medium-sized corporate clients and SMEs. Our products and services include cash credit facilities, demand and short-term loans, project finance, export credit, factoring, channel financing, structured products, discounting of bills, documentary credits, guarantees, foreign exchange and derivative products. Our liability products for large and mid-corporate segments comprise current accounts, certificates of deposits and time deposits.

**₹233,186 CRORES**

NON-RETAIL ADVANCES IN 2017-18  
14% y-o-y GROWTH

### TRANSACTION BANKING

Our Transaction Banking group (TxB) offers integrated products and services in the realms of current accounts, cash management services, capital market services, trade, foreign exchange and derivatives, cross-border trade and correspondent banking services; and tax collections on behalf of the Government of India and various State Governments.

**₹95,650 CRORES**

CURRENT ACCOUNT DEPOSITS IN 2017-18  
10% y-o-y GROWTH

### TREASURY

The Treasury supervises our funding position and maintains our regulatory reserve requirements. It invests in sovereign and corporate debt instruments and engages in proprietary trading in equity and fixed income securities, foreign exchange, currency futures and options. The division further governs our investments in commercial paper, mutual funds and floating rate instruments as part of the management of short-term surplus liquidity. Moreover, it offers a wide range of treasury products and services to corporate customers.

### SYNDICATION

We also offer services of placement and syndication in the form of local currency bonds, rupee and foreign term loans, along with external commercial borrowings to corporate customers.

### INVESTMENT BANKING AND TRUSTEE SERVICES

We cater to investment banking and trusteeship services requirements of our corporate clients through our wholly-owned subsidiaries. Axis Capital Limited offers investment banking services relating to equity capital markets, institutional stockbroking and M&A advisory. Axis Trustee Services Limited is engaged in trusteeship activities, acting as debenture trustee and as trustee to various securitisation trusts.



**Shikha Sharma**  
Managing Director & CEO

## MESSAGE FROM THE MANAGING DIRECTOR & CEO

Dear Shareholders,

As we enter our 25<sup>th</sup> year of operations, it gives me immense satisfaction to share that the Bank over all these years has not only helped businesses and individuals make real progress in their lives, but our contribution towards society has had a deeper impact beyond the economic growth of the nation. I would like to share with you all one such real-life story, which I experienced during one of our visits to a rural branch.

*'Pramila, a housewife from a small village near Indore had taken a microfinance loan from us some 18 months back for setting up her grocery shop. The remarkable part is that she has not only repaid that loan but has also used her income to set up few other businesses like tailoring and a beauty parlour. This has earned her huge respect in her household, and made her a role model in the community and an inspiration for women across nearby villages.'*

India's banks have evolved tremendously over the last 25 years – from providing basic banking services with little effective competition in the pre-liberalisation era, to becoming market-driven universal banks. The combination and contribution of the public sector and private sector banks over all these years, and more recently with the introduction of small finance and payment banks, has made tremendous positive impact on the society and economy.

The branch network of all scheduled commercial banks in India has more than doubled from nearly 60,000 in 1991 to over 138,000 in 2017, offering direct employment to 1.35 million people; total bank credit and deposits have grown nearly 70 times and 55 times, respectively. The banks have not only aided economic expansion by meeting the credit requirements of businesses and individuals, but have also been the core facilitator of infrastructure development and have driven growth in priority sectors such as MSME and agriculture. The banks have also played a key role in extending the

## 25 YEARS OF PROGRESS AND MAKING A DIFFERENCE



Government's social benefit schemes and driving the financial inclusion agenda.

India's macroeconomic fundamentals continued to improve last year on the back of significant policy initiatives by the Government aided by a stable monetary policy. The country saw a sovereign rating upgrade and also climbed up the charts in ease of doing business. Both these developments should result in higher foreign investments in the medium term. The implementation of the Goods and Service Tax (GST) regime in 2017 has been one of the biggest structural economic reforms, benefits of which will continue to accrue in the years to come. GST reform along with demonetisation and digitisation efforts will significantly benefit towards formalisation of the economy.

From the perspective of the Indian banking industry, the fiscal year 2018 was a mixed one. Apart from the lingering asset quality problems, there were some serious issues around fraud and operational misses that came to the fore towards later part of the year. The regulator has initiated measures and issued guidelines to ensure that the systems, business practices, operational processes and risk management for the sector are robust and safe. While these challenges are real, it is important to acknowledge that at this stage in the development of our country, the banking sector in India remains a force of good, moving our inclusive growth agenda forward.

The resolution process for large stressed accounts referred by the Reserve Bank of India (RBI) under the new Insolvency and Bankruptcy code (IBC) has largely been on track. On the credit growth side, the situation seems to be improving. The credit growth continued to pick up through the year, partially led by the base effect, and tighter liquidity conditions helped shift credit demand back to banks from bond markets.

Moving on to the financial performance of the Bank, Axis Bank had a second challenging year in a row this year. Our historical focus on project finance in infrastructure sectors, steel and power continued to create significant headwinds for us this year. The asset quality issues thus continued to be a pain point for the second year. The recent guidelines on stressed asset recognition and resolution along with fully functioning bankruptcy infrastructure would not only expedite the recognition and resolution

mechanism, but is also likely to inculcate a stronger corporate credit culture, going forward.

During this fiscal year, the Bank undertook accelerated Non-Performing Asset (NPA) recognition in line with its desire to get past the asset quality issues of the last cycle. With the aggressive recognition we undertook during the fiscal year, we believe the NPA recognition phase of this credit cycle is now nearly complete.

The Axis franchise continued to deliver steady operating performance with core operating revenue growth of 6% and moderation in operating expenses growth. The Bank's retail franchise remains robust with strong growth in loans, fees and low-cost deposits. The Bank's SME loan growth improved considerably in the later part of the year with risk parameters under control. The quality of corporate book too has been steadily improving with higher incremental sanctions to better rated corporates, significant reduction in concentration risk and increase in the share of working capital loans. Despite the pain on asset quality front, the Bank continues to have a strong balance sheet with one of the best provision coverage and capital adequacy ratios of 65% and 16.57%, respectively. During the course of the year, the Bank raised capital from a few marquee investors that further augmented the capital adequacy position with Tier-I ratio of 13.04% at the end of fiscal year 2018. Our subsidiaries had another good year as they continued to gain scale and market share in their respective segments.

In the corporate segment, our learnings from the last cycle have helped us to calibrate our portfolio concentration a lot more tightly than in the previous years. In the last few years, we have significantly strengthened credit underwriting and risk management practices at the Bank. We continue to focus on targeting the pool of better rated corporates and re-orienting the corporate franchise towards a more flow-led transaction banking-oriented business.

The Bank continues to remain the leading player in the Debt Capital Market segment. Our top position in the leader board over the last 10 years positions the Bank very well to benefit from the growth in the corporate bonds market.

We believe that demonetisation and the implementation of GST are likely to result in faster shift from informal to formal sector, and that is perhaps



being reflected in the SME growth. With significant government policy initiatives such as 'Skill India' and 'Make in India' directed around this sector, we expect SME growth to come back into higher trajectory than witnessed in the recent past. From a risk perspective, the SME book has held up well and we intend to use more of data that is now available post GST to automate underwriting and risk management for smaller ticket-size SME loans as well.

The Retail franchise remains robust as we continue to gain market share in both retail deposits and loans. We reaffirmed our strong positioning in low-cost deposits with a CASA ratio of 54%. During the year, we added 400 branches to our distribution strength; however, the branch formats have been smaller with improving employee productivity led by automation and centralisation of back office operations.

We believe deposit mobilisation in fiscal year 2019 could pose some challenge. We expect branches to continue playing a crucial role in deposit mobilisation, customer acquisition and providing localised services. Hence, we would continue to make adequate investments in our branch network.

The overarching theme for us in Retail Banking has been to service and deepen relationships with existing internal customers for growth. Over the last few years, we have made significant investments in technology and processes and further strengthened our risk management architecture. We have one of the best digital capabilities in India and have been increasingly using digital analytics to identify potential customers, optimise branch locations and provide customised solutions through AI-backed chatbot and mobile app.

Our retail loan book continues to grow strongly with significant diversification in portfolio mix. We believe there is considerable scope to cross-sell and grow the unsecured side of our retail loan book, as we look to onboard granular retail risk while reducing concentration risk on the corporate side.

The Bank's strong distribution capabilities, brand and ability to constantly innovate and offer right product proposition to customers has helped us build and gain significant market share in most of the retail businesses in quick time. We have the market leadership in Forex cards and in the credit cards business. Despite being a late entrant, we are currently ranked fourth in terms of market share. The Bank is today among the top five players in the home loan market. We have also built one of the best wealth management franchises among banks in the country - our Burgundy proposition is now among our fastest growing business lines.

Similarly, within the Axis family, our subsidiaries in institutional equity business, broking, asset management and non-banking finance arm have scaled up well. Axis AMC that was set up in 2009 is now among the top 10 mutual fund houses in India; Axis Direct, the broking business that was launched in 2011, ranks among the top three brokerage firms in terms of active client base. Our institutional equities business that we acquired

in 2010 has maintained its leadership position on equity league tables over the last decade. The subsidiaries have helped the Bank to offer strong proposition to our corporate and retail customers and played a meaningful role in building the Axis Bank franchise.

Digital payments and online consumption of financial services are growing on the back of 'Digital India' initiatives. Today, there is an opportunity to ride on the digital infrastructure to strengthen payments, trade and information flow to aid sustainable and inclusive growth. The Bank has always been at the forefront of digitisation, contributing actively to the Government's vision of a 'less cash' economy. We have the country's second largest PoS network, a strong cards franchise and in the mobile banking space, the Bank ranks among the top in terms of market share by transaction value and volumes.

The Bank continues to be the leader in partnership-driven innovation and has redefined digital payments in India by providing its customers with a differentiated payments experience. During the year, the Bank, in association with Kochi Metro Rail Limited (KMRL), launched India's first open-loop transit EMV contactless metro card. The Bank also partnered with marquee names such as Google, IRCTC, LIC, Uber, Ola and others to drive the acceptance of payments on the UPI platform.

The acquisition of FreeCharge earlier this year re-affirms the Bank's determination to lead the journey of digitisation of financial services. We believe that FreeCharge's unique value proposition in the digital payments space and the strength of its acquisition engine would help to build the Axis franchise further and create significant value for the Bank. The post-acquisition activities at FreeCharge remain on track and all key top-line metrics have shown considerable improvement.

During the year, the Bank also launched instant international payment services using Ripple's enterprise blockchain technology solution. The Bank has been the first financial institution in India to offer a Ripple-enabled, frictionless payments experience that would make international remittances faster.

Over the last 24 years, the foundation of the Bank has been built on our core values – to do the right thing for our 20+ million customers. Though we have progressed a lot in terms of technology, what hasn't changed is our legacy customer service 'The Axis Experience' – which is service in a digital world but with an old world charm. During the year, Axis Bank very aptly won the NASSCOM Customer Service Excellence Award - 2017 under the 'Transformation' category.

Core to our approach is the belief that our long-term success depends on the progress of the communities and the people we serve. Axis Bank Foundation has been relentlessly working over the last decade to help provide sustainable livelihoods and create value for the communities through its various integrated rural skill development and educational programmes. It is a matter of great satisfaction for us that the Axis Bank Foundation



has achieved the target it had set for itself of achieving a million sustainable livelihoods by 2017. During the year, the Bank also launched 'Axis Dil Se' – a CSR initiative in partnership with 17000 ft Foundation – that saw 108 schools across the remotest parts of Kargil and Ladakh being adopted by 20 senior Axis Bank leaders for a period of three years.

The Bank deservingly was included in FTSE4Good Emerging Index in recognition of its Environmental, Social and Governance (ESG) practices. And as we move ahead, we continue to remain conscious of our deep commitment to our environment and the underprivileged. The Axis Bank Foundation now aims to create two million sustainable livelihoods over the next eight years.

Going forward, I continue to believe that the Indian banking sector is well placed to benefit from the informal to formal shift that is currently underway. Also, private banks in the country will continue to gain significant part of the incremental market share. We believe that with our strong financial and market position backed by our core capabilities, we would certainly be among the top few banks in the country.

I am extremely proud of the great franchise we have built and that is reflected in the way in which customers and shareholders have reposed faith in us. Over the last nine years, we have successfully built a strong CASA franchise on back of continued investments in branch infrastructure. Our market share in deposits has grown from 2.6% in 2008-09 to 3.6% at the end of 2017-18, with branch network increasing from 835 branches to over 3,700 branches over this period. On the lending side, we have grown our lending book from nearly ₹80,000 crores to around ₹440,000 crores over these nine years, at a CAGR of 21%. At the same time, we have achieved significant

diversification in balance sheet with the share of Retail loans in our loan book rising from 20% to 47%. Most notably, we have filled up strategic product gaps and developed key subsidiary businesses to become a full service bank. The Bank now has strong capabilities across retail, corporate and SME segments and offers strong proposition to its customers with subsidiaries complementing the strategy. The retailisation of the Axis franchise has been the bedrock of the Bank's financial performance, thus improving the quality and sustainability of its earnings.

Earlier this year, I had requested the Board to reconsider my re-appointment till 31 December 2018, which has been accepted and is subject to shareholder approval. Axis is a great institution with a very promising future and I am confident that our Board will find the right person to lead this institution in its next phase. While we go through that process, I am fully committed to maintain high performance levels at the Bank.

The Bank has taken significant steps in fiscal year 2018 to get past the asset quality issues of this cycle and the top priority for us in fiscal year 2019 will be to achieve normalisation of credit risk. The second focus area would be to deliver profitable growth. The third area of delivery would be to enhance capabilities to strengthen operational risk management and re-invent our corporate bank driven by technology. The fourth deliverable for fiscal year 2019 is to continue investing in digital capabilities, analytics and our subsidiaries to drive future growth.

I have thoroughly enjoyed my nine-year long association with this great Bank. I have given it my best and have been rewarded by the support and association of all our internal and external partners. The future of Axis Bank remains extremely bright and I wish it and all its stakeholders the very best.

## STRATEGIES FOR 2018-19

<b>NORMALISE CREDIT RISK</b> 	<b>DELIVER PROFITABLE GROWTH</b> 	<b>ENHANCE CAPABILITIES</b> 	<b>INVEST IN THE FUTURE</b> 
<ul style="list-style-type: none"> <li>Continue to move corporate lending business towards better rated customers and working capital loans</li> </ul>	<ul style="list-style-type: none"> <li>Expect high-quality deposit franchise to continue delivering strong growth</li> <li>Continue outperforming the industry loan growth</li> <li>Prioritise growth in segments with better risk adjusted returns</li> <li>Achieve cost efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>Focus on enhancing operational risk management and compliance</li> <li>Re-invent the corporate bank by strengthening technology, product and talent capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Maintain leadership and further invest in digital</li> <li>Leverage analytics and newer technologies to automate and digitalise processes</li> <li>Scale up and diversification of subsidiaries</li> </ul>



CREATING REAL IMPACT

# Addressing national priorities

India continues to progress with wide-ranging policy reforms and initiatives. The result is that the country today presents unprecedented opportunities for global and domestic businesses.

The government is putting more emphasis on infrastructure development, entrepreneurship and investment, improving the business climate, enhancing productivity and fostering strong and sustainable growth.

To support the nation's strong growth appetite, there is more focus on increasing access to banking and other facilities to energise the economy and empower the disadvantaged.

We are helping strengthen India's national priorities to enhance the country's global competitiveness and build a strong, stable and inclusive society.



## SUPPORTING BRAVEHEARTS

Power Salute is designed for defence personnel and their families. It provides customised banking services such as enhanced coverage, long-term investment planning and banking privileges post-retirement, among others.





## ENCOURAGING ENTREPRENEURSHIP

We delivered a million micro loans (average ticket size of ₹18,000) to women through our micro-lending programme on a joint-lending model. The loans were given for various purposes such as entrepreneurship and children's education. Besides, we are financing Lakmé Salon franchisees (75% of the Lakmé franchisees are women entrepreneurs).







## RAISING SAFE BANKING AWARENESS

We launched #MuhPeTaala, a campaign to promote safe banking in association with Mumbai Police during the International Fraud Awareness week. The campaign created awareness to prevent cyber banking crimes, especially through fraudulent calls phishing for information such as ATM pins, CVVs and OTPs, among others.

# #MUHPETAALA

## NEVER SHARE YOUR OTP, PIN OR CVV WITH ANYONE

AN INITIATIVE OF



MUMBAI POLICE





## CONVENIENCE FOR ALL

- We launched the Axis 'Republic' Salary Account to cater exclusively to Public Sector Undertakings (PSUs) and government sector employees. It offers higher returns on deposits of over ₹50,000 and many other benefits.
- Our Kisan credit cards provide farmers round-the-clock availability of funds. Over 2+ lakh farmers have so far benefitted (withdrawal limit of up to ₹1 lakh per day).
- We introduced Aadhaar-enabled banking for pensioners, as key banking partner of the Government in the Direct Benefit Transfer process of pension payments. Now, pensioners can get in touch with our business correspondents and receive their pension without travelling to bank branches.

## NURTURING START-UPS

- Our Innovation Lab (Thought Factory) has so far mentored six start-ups in their evolution. We are shortlisting start-ups for the second cohort of the Accelerator and building an API Sandbox environment for a quick plug-n-play, enabling faster product test/adoption.
- We started Axis Start-up Social to provide a platform for start-ups to network and share knowledge. This initiative underlines our commitment towards providing multiple opportunities for start-ups.

## ENABLING AFFORDABLE HOUSING

- We provide home loans to customers in the low-income segment through our special Asha Home Loans. We offer loans of up to 85% of property market value, along with floating and fixed interest options; 31,000+ customers gained access to their homes through this product.
- In the affordable housing segment, we are attracting more customers through our home loan offering (Shubh Aarambh). Maximum loan amount of up to ₹30 lakh can be availed under the scheme. Part pre-payments are also allowed with complete flexibility. Up to 12 EMIs can be waived off at no extra cost in case of on-time payment and there are many other added benefits to make the experience of home ownership a memorable one.

## PARTNERING NATION-BUILDING

- We are one of the leading banks in the Electronic Toll Collection Project proposed by National Highways Authority of India (NHAI) and guided by National Payments Corporation of India (NPCI). Total automation of toll collection across the country is expected to reduce average waiting time at toll plazas by 10 minutes.

## EMPOWERING AGRARIAN SECTOR

- **Advancing dairy industry:** India's dairy industry is slated to reach ₹9.4 trillion by 2020 (Source: Edelweiss Securities Report). Yet the industry is primarily based on a 'cash-and-carry' model. At Axis Bank, we provided the industry a customised dual-pronged solution for its digital transformation.
- **Payment solutions for procurements:** Designed a gateway to simplify and accelerate payments computation in dairies, reducing working capital cycle.
- **Collection solutions for deliveries:** Developed an app to enable distributors and retailers to concurrently order milk and make payments.
- **Digitising mandis:** We are helping develop e-National Agriculture Market (eNAM), a pan-India electronic trading portal to digitally connect mandis by offering end-to-end transaction solutions that provide:
- **Integrated ordering platform:** Offers real-time information on funds and order fulfilment.
- **Simplified funds collection:** Leverages branch network and Cash Deposit Machines (CDMs) to collect funds from buyers.



## DRIVING RENEWABLE ENERGY

WE ARE COLLABORATING WITH FERYR ENERGY TO OFFER TERM LOANS FOR ROOFTOP INSTALLATION OF SOLAR POWER PROJECTS IN TELANGANA AND ANDHRA PRADESH. THE LOANS ARE MEANT FOR INDUSTRIAL AND COMMERCIAL PURPOSES AND ARE PROVIDED TO MICRO- SMALL AND MEDIUM ENTERPRISES (MSMEs) AND SELF-EMPLOYED INDIVIDUALS TO ENCOURAGE GRASSROOTS ENTREPRENEURSHIP AND USHER IN REAL IMPACT.



CREATING REAL IMPACT



# Enriching customer experiences

We are encouraged by the fact that customer expectations are never static. They continue to evolve and challenge us to think better and work smarter. We depend on deep data analytics to gain insights into emerging trends and aspirations and accordingly tailor bespoke solutions.

The Bank launched Axis ASAP (savings account that can be instantly opened online with just PAN and Aadhaar details) which offers industry-first feature where savings balances over ₹10,000 are automatically treated as fixed deposits and customers earn 6.75% interest. Early adoption of advanced technology and its proper implementation also plays a very big role in delivering on customer expectations.

We realised that digital was going to radically change India's entire banking landscape and we were adequately equipped to emerge among the leaders in digital banking. Our experience and expertise have enabled us to continue to grow our digital footprint.



## AXIS ASAP

We initiated the first online eKYC-based account 'Axis ASAP', which offers customers the opportunity to open bank accounts instantly.

## FREECHARGE

We acquired the payments wallet FreeCharge (first such acquisition of a digital payments company by a bank in India) to strengthen our digital offerings.





### TRAVEL IN STYLE

We were India's first bank to launch a Forex card for international travellers in 2002. We are now the market leader with over 45% market share. We also launched India travel card - India's first and only Indian currency prepaid travel card for foreign nationals.



### Multi-Currency Forex Card

16 currencies on one card | Reload on the go | Accepted Worldwide

**HolidayMoreCashless**





**INVOICEMART**  
A Digital Invoice Discounting Marketplace

India's first bills discounting platform that promises to revolutionize the way businesses get paid. Upload invoices for the orders you have delivered, choose the best bid and receive payments within 48 hours to help businesses grow faster. Visit [www.invoicemart.com](http://www.invoicemart.com)



**AXIS BANK**





## GROWING OUR DIGITAL FOOTPRINT

- We acquired the payments fintech company FreeCharge (first such acquisition of a digital payments company by a bank in India) to strengthen our digital offerings. FreeCharge is a leading pan-India digital payments company with over five crores registered customers and 200,000+ merchants.
- We launched Axis ASAP – a savings account that can be instantly opened online with just PAN and Aadhaar details – it has industry-first feature where savings balances over ₹10,000 are automatically treated as fixed deposits and customers earn an interest of 6.75%.
- We launched ASAP loans to address finance needs of small businesses faster, through small ticket pre-approved e-loans for pre-qualified customers. ASAP loans eliminate the hassles of documentation, physical visits and negotiations and complete the disbursement process in less than 10 minutes. In its first year of launch, we disbursed more than ₹20 crores through this platform and going forward, expect to scale it.
- We launched India's first open-loop smart card, in association with the city transportation body, enabling commuters in Bengaluru and Kochi to travel cashless and hassle-free in public transport.
- We introduced Axis OK, an app that empowers feature phone users to avail basic banking facilities digitally without internet.
- We launched instant international payment services using Ripple's enterprise blockchain technology solution. Ripple connects banks, payment providers, digital asset exchanges and corporates to provide frictionless experience to send money globally. The transactions reach their destination account in minutes, with certainty of settlement, and provide complete transparency.
- We introduced AI in chatbots for interactive interface mutual funds

transactions and use of blockchain for remittances.

- We enable our customers to make informed decisions on mutual fund schemes with Mutual Funds Screener on the Axis Bank website. The platform provides fund comparisons and details such as risk category, fund performance, peer comparison, asset allocation and portfolio details, among others.

## DELIGHTING CORPORATE CUSTOMERS

- We enriched our Corporate Internet Banking (CIB) experience by migrating customers to a single portal for all corporate digital offerings, along with a one-view dashboard for all corporate relationships. This allows corporate borrowers to submit various documents/declarations online. The Trade Connect platform is also integrated with CIB for trade transactions by corporate customers.
- We launched a bulk bill payment solution for corporates that helps settle various bills such as utility and telecom, among others. Corporates have access to various payment options using this platform.
- We are engaging with e-commerce companies, fintech companies and start-ups for our investment banking solutions and banking products.

## SIMPLIFYING OVERSEAS TRANSACTIONS

- We partnered with Earthport to provide a unique remittance solution with guaranteed turnaround time and fixed charges for remittances to 60+ countries.
- We developed an online platform for remitting funds overseas to cater to customers who do not maintain accounts with Axis Bank. The platform allows online transactions after completing a one-time KYC.
- We launched Remit Money with customer-centric features such as instant/near-instant money transfer and integration with payment gateways. The portal provides instant account

verification in USA, real-time chat facilities and 24x7 customer service for convenient cross-border fund transfers.

- We introduced 'E-softex', a software that provides data pertaining to Softex forms, invoices and remittances to software companies through an online portal. The Softex forms are matched with remittances and export data processing and the monitoring system is updated automatically.

## ENHANCING OUR CUSTOMER VALUE PROPOSITION

- We partnered with leading health and medical services providers (Apollo and Max Healthcare) to provide our customers with exclusive health and wellness services at discounted prices.
- We implemented Straight Through Processing (STP) in areas of loans, general insurance, health insurance and credit card space, reducing turnaround time.

## HASSLE-FREE PROPOSITION

WE INTRODUCED AN INDUSTRY-FIRST SCHEME, WHICH OFFERS ABSOLUTE LIQUIDITY WITH OUR TERM DEPOSIT PLANS. OUR CUSTOMERS NEED NOT WORRY ABOUT PREMATURE CLOSURE PENALTY FOR THE FIRST PARTIAL WITHDRAWAL OF UP TO 25% FOR THE TERM DEPOSITS' PRINCIPAL VALUE.



## CREATING REAL IMPACT

# Nurturing future achievers

To drive our future transformation, our people will require new skills and capabilities to reflect the changing needs of the business. Therefore, we continue to devise solutions to attract, develop and retain these skills and capabilities, while fostering a culture that reinforces our core values.



## AXIS CHAMPIONS

Our annual recognition programme - Axis Champions - fosters cultural alignment across the organisation and recognises champions for their efforts. During 2017-18, the programme received 15,000 nominations from across the country.

### BEING LEARNING AGILE

Through our online learning and testing platform - Axis Competency Profiler - we assess functional competence and create a pool of dependable talent. The platform also serves as a tool for employee career management, while providing deep insights into the productivity and performance of their respective business units.

Our HR tool 'twin-tracking' helps build core traditional banking capabilities, while focussing on new-age skills for the future. It has been the bedrock for the Bank's Academies.

Collaboration with experts helps the Academies provide our people an opportunity to master core banking functional areas. It also helps in developing new-age skills such as analytics and digital. Micro certifications that lead to 'Axis Bank Power Profiles' is among the Bank's core focus areas for building future capabilities.

### HOLISTIC DEVELOPMENT PROGRAMMES

The Axis Learning Achievers programme and the Axis Business Clinics use 'storytelling' as a powerful medium of learning. Using the cascade format of facilitation, the Banking on Compliance programme drives ethical decision making, KYC/AML knowledge and the importance of compliance in every transaction the Bank undertakes.

### HIGH-PERFORMANCE CULTURE

Our integrated Performance Management & Capability Development system - ACElerate - helps in fostering high performance and capability building. Capability development interventions are provided to high-performing employees to hone their skills further and help them perform better. During 2017-18, over 24,600 employees underwent a two-day behavioural training programme, customised to their grade and their role challenges.

A young and engaged workforce with an average age of 29.5 years continues to drive the Axis Bank brand forward.

**ACElerate**

We integrated Performance Management and Capability Development system for fostering high performance and capability building.





A MILLION  
LIVELIHOODS  
A MILLION  
**THANKS**

**AXIS BANK FOUNDATION**

## EMPOWERING LIVELIHOODS

Under our overarching theme of 'Sustainable Livelihoods', Axis Bank Foundation's current programmes are aimed towards strengthening and increasing farm productivity, improving natural resource management, providing alternate income-generating options and increasing employability and entrepreneurial skills. Through our various initiatives across 21 states and 178 districts, Axis Bank Foundation has helped impact and improve a million livelihoods.





## CREATING REAL IMPACT

# Purpose beyond profit

At Axis Bank, we look at ourselves as a catalyst for progress. Axis Bank Foundation (ABF) furthers this by enabling opportunities that enhance incomes for those who are economically and socially backward or disadvantaged through its Sustainable Livelihood programme.



## LIVELIHOOD PROMOTION

### INCREASED EMPLOYABILITY THROUGH SKILLING

The skilling programme imparts knowledge in trades such as hospitality, retail, nursing, beautician, tailoring, electrical and so on in conjunction with basic English and life skills with linkages for employment and entrepreneurship. It focusses on skilling the able and disabled youth.

NUMBER OF  
PROJECTS

**18**

NUMBER OF  
STATES

**21**

NUMBER OF  
VILLAGES

**10,293**

### ENHANCING RURAL LIVELIHOOD

The Rural Livelihood programme focusses on activities such as:

- a) Natural Resource Management** resulting in improved access to water and enhanced soil productivity
- b) Farm-Based Activities** resulting in increase in income and food security through enhanced agricultural productivity
- c) Non-Farm-Based Activities** such as dairy, goatery, piggery, poultry and so on, resulting in additional income and risk mitigation
- d) Collectives**, which includes formation of Self-Help Groups (SHGs), producer groups and so on, resulting in a platform for cohesiveness, stronger voice and camaraderie

NUMBER OF  
BENEFICIARIES  
**1 MILLION+**

## IMPROVED FARMER RETURNS

One of the key outcomes of the Rural Livelihood programme is higher returns for farmers. A higher return, along with conducive ecosystem that includes access to finance and markets, ensures long-term sustainability.

A MILLION  
LIVELIHOODS  
A MILLION  
**THANKS**



AXIS BANK FOUNDATION

## LIVELIHOOD PROMOTION

### SUCCESS STORIES

- ABF in partnership with Self Reliant Initiatives through Joint Action (SRIJAN) tapped livelihood potential in Bali block - one of the most backward regions of Rajasthan - through collection and processing of custard apples. To realise the potential, a Farmer Producer Organisation (FPO), Ghummar Mahila Samiti, was formed and a value chain around the commodity was developed. Currently, over 1,000 women participate in this programme. A net income enhancement of ₹12,500 for each participant has been witnessed through the custard apple value chain.
- ABF and Youth4Jobs (Y4J) partnership is committed to train 8,000 physically challenged individuals across multiple states. Kaviitha (28) from Warangal, Telangana is the sole bread-earner of her family. She enrolled herself for the training programme and post completion, was able to secure a job in the insurance sector, earning ₹10,000 per month. She is now catering to her family's daily expenses and repaying a loan her family borrowed from a local moneylender to build their house.

## PROMOTING GREEN DEVELOPMENT

We have actively funded projects in the realms of clean technology, renewable energy, energy-efficient products and sustainable infrastructure. Besides, we have 3MW total installed capacity of solar energy for our operations.

### BIO-DEGRADABLE CARD

We launched a bio-degradable card offering customers a unique way to contribute towards eco-friendly payment solutions. These are recyclable cards that do not release carbon, methane or other harmful pollutants. Available on select gift card products and acceptable at all domestic merchant outlets and online portals, these serve as an electronic gifting option.

### ENVIRONMENT SUSTAINABILITY MANAGEMENT GROUP (ESMG)

ESMG under Corporate Banking executes sustainable lending policy. Through this, we aim to integrate environmental and social due diligence into the internal risk management framework and remain committed to support sustainable sectors that combat climatic changes.

**₹3,492 CRORES**

CREDIT OUTSTANDING FOR SUSTAINABLE SECTORS LIKE RENEWABLE ENERGY, WASTE PROCESSING AND MASS RAPID TRANSPORT

## INCREASING FINANCIAL LITERACY

### CELEBRATING DIGITAL FINANCIAL LITERACY WEEK

We continue our 'Digi-Prayas' initiative to impart financial literacy to 80,000 people across India. It will help residents in 24 selected villages to be financially literate, digitally aware and proactively adopt various modes of digital banking such as mobile and UPI-based banking, among others. We are setting up digital banking ecosystems in these villages to encourage the use of technology-based banking activities.

### VILLAGE SOCIAL TRANSFORMATION MISSION

ABF joined hands with the Government of Maharashtra to transform adverse conditions in 1,000 villages plagued by drought, low human development index and other social challenges. ABF will help in transforming them into 'model villages' and will implement its flagship financial inclusion and financial literacy programmes to introduce banking in these villages.

### CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

The outcomes of ABF programmes are contributing to some of the Sustainable Development Goals (SDGs) set by United Nations in 2015. The goals are:







## AWARDS AND RECOGNITION



▲ IDC I.C.O.N.I.C Insight Awards 2017 for Excellence in Operations



▲ Grand Jury Award – Institutional at the UTI Mutual Fund and CNBC TV18 Financial Advisor Awards 2016-17



▲ Best Use of Digital and Channels Technology at the IBA Banking Technology Awards 2018



▲ CX Innovator Best Omnichannel Customer Success Story at the 2017 Genesys Customer Innovation Awards 2017



▲ FICCI CSR Award 2016-17 in the Women Empowerment category



▲ Dale Carnegie Global Leadership Award for 2017

## BOARD OF DIRECTORS

AS ON 16 MAY 2018



▲ **Dr. Sanjiv Misra**  
Chairman



▲ **Shikha Sharma**  
Managing Director & CEO



▲ **Prasad Menon**  
Director



▲ **Prof. Samir Barua**  
Director



▲ **Som Mittal**  
Director



▲ **Rohit Bhagat**  
Director



▲ **Usha Sangwan**  
Director



▲ **S. Vishvanathan**  
Director



▲ **Rakesh Makhija**  
Director



▲ **Ketaki Bhagwati**  
Director



▲ **B. Babu Rao**  
Director



▲ **Stephen Pagliuca**  
Director



▲ **V. Srinivasan**  
Deputy Managing Director



▲ **Rajiv Anand**  
Executive Director  
(Retail Banking)



▲ **Rajesh Dahiya**  
Executive Director  
(Corporate Centre)



## CORE MANAGEMENT TEAM

AS ON 16 MAY 2018

### Jairam Sridharan

Group Executive and Chief Financial Officer

### Sundaresan Mahadevan

Group Executive - Corporate Relationship Group & Transaction Banking

### Sidharth Rath

Group Executive

### Rajendra Adsul

President - International Banking

### J.P. Singh

President - SME

### Cyril Anand

President and Chief Risk Officer

### Himadri Chatterjee

President - Retail & Wholesale Banking Operations

### Rudrapriyo Ray

President - Structured Finance Group

### Sanjay Silas

President - Branch Banking

### Akshaya Kumar Panda

President - Corporate Client Coverage Group

### Prashant Joshi

President - Corporate Credit Department

### Girish V. Koliyote

Company Secretary

### Statutory Auditors

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

### Secretarial Auditors

M/s BNP & Associates  
Company Secretaries

### 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  
Tel. No: 040-67162222 Fax No: 040-23001153

### Registered Office

'Trishul', 3rd Floor, Opp. Samartheshwar Temple,  
Law Garden, Ellisbridge, Ahmedabad – 380 006  
Tel. No.: 079-66306161 Fax No.:079-26409321

### 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

Email: [shareholders@axisbank.com](mailto:shareholders@axisbank.com)

Website: [www.axisbank.com](http://www.axisbank.com)



## DIRECTORS' REPORT

The Board of Directors have the pleasure of presenting the 24<sup>th</sup> Annual Report of the Bank together with the Audited Statement of Accounts, Auditors' Report and the Report on the business and operations of the Bank, for the financial year ended 31<sup>st</sup> March 2018.

### FINANCIAL PERFORMANCE

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

Particulars	2017-18 ▽	2016-17	(₹ in crore) Growth
<b>Deposits</b>	<b>453,622.72</b>	414,378.79	9.47%
• Savings Bank Deposits	148,202.05	126,048.29	17.58%
• Current Account Deposits	95,649.55	87,001.75	9.94%
<b>Advances</b>	<b>439,650.31</b>	373,069.35	17.85%
• Retail Advances	206,464.62	167,992.95	22.90%
• Non-retail Advances	233,185.69	205,076.40	13.71%
<b>Total Assets/Liabilities</b>	<b>691,329.58</b>	601,467.67	14.94%
<b>Net Interest Income</b>	<b>18,617.73</b>	18,093.12	2.90%
<b>Other Income</b>	<b>10,967.09</b>	11,691.31	(6.91%)
• Fee Income	8,866.97	7,882.01	12.50%
• Trading Profit <sup>(1)</sup>	1,616.76	3,400.34	(52.45%)
• Misc. Income	483.36	408.96	18.19%
<b>Operating Expenses</b>	<b>13,990.34</b>	12,199.91	14.68%
<b>Operating Profit</b>	<b>15,594.48</b>	17,584.52	(11.32%)
Provision for Tax	(154.11)	1,788.28	-
Other Provisions and Write offs	15,472.91	12,116.96	27.70%
<b>Net Profit</b>	<b>275.68</b>	3,679.28	(92.51%)
Balance in Profit and Loss account brought forward from previous year	24,448.33	23,766.46	-
<b>Amount Available For Appropriation</b>	<b>24,724.01</b>	27,445.74	-
<b>Appropriations</b>			
Transfer to Statutory Reserve	68.92	919.82	(92.51%)
Transfer (from)/to Investment Reserve	103.49	(87.16)	-
Transfer to Capital Reserve	101.65	755.57	(86.55%)
Transfer to Reserve Fund	1.62	1.75	(7.43%)
Dividend paid (includes tax on dividend)	1,405.28	1,407.43	(0.15%)
<b>Surplus carried over to Balance Sheet</b>	<b>23,043.05</b>	24,448.33	-

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

### KEY PERFORMANCE INDICATORS

Key Performance Indicators	2017-18 ▽	2016-17
Interest Income as a percentage of working funds*	7.15%	7.88%
Non-interest Income as a percentage of working funds*	1.71%	2.07%
Net Interest Margin	3.44%	3.67%
Return on Average Net Worth	0.53%	7.22%
Operating Profit as a percentage of working funds*	2.43%	3.11%
Return on Average Assets	0.04%	0.65%
Profit per Employee**	₹0.47 lakhs	₹6.68 lakhs
Business (Deposits less inter-bank deposits + Advances) per employee**	₹14.84 crore	₹14.00 crore
Net non-performing assets as a percentage of net customer assets***	3.40%	2.11%

\* 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



## CAPITAL & RESERVES

During the year, the Bank raised additional equity capital through preferential allotment of 16,53,28,892 equity shares of ₹2 each of the Bank at a price of ₹525.00 per equity share. Consequently, the total issued and paid-up equity share capital of the Bank increased by ₹33.07 crore and the Reserves of the Bank increased by ₹8,620.95 crore after charging of issue related expenses.

Further, the Bank also issued, 4,53,57,385 convertible warrants, convertible into 4,53,57,385 equity shares of ₹ 2 each of the Bank at a price of ₹565.00 per warrant on a preferential basis. The said convertible warrants are exercisable within a period of 18 months from the date of its allotment. The said equity shares and convertible warrants were allotted to a consortium of investors (Bain Capital, Life Insurance Corporation of India and other marquee investors).

During the year, the Bank also allotted 61,73,935 equity shares of ₹2 each of the Bank pursuant to exercise of options under the various Employee Stock Option Scheme(s) of the Bank by some of its Whole Time Directors / Employees and that of its subsidiary companies.

Pursuant to the said allotments, the total issued and paid-up equity share capital of the Bank, as on 31<sup>st</sup> March 2018 increased to ₹513.31 crore, as compared to ₹479.01 crore, as on 31<sup>st</sup> March 2017.

The category wise shareholding pattern of the Bank, as on 31<sup>st</sup> March 2018, was as under:

Sr. No.	Category / Shareholder	No. of Shares held	% of paid-up Capital
<b>PROMOTERS</b>			
1	Life Insurance Corporation of India (LIC)	34,94,51,108	13.62
2	Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	25,32,70,690	9.87
3	General Insurance Corporation of India	3,72,50,000	1.45
4	The New India Assurance Company Limited	2,54,03,585	0.99
5	National Insurance Company Limited	21,34,681	0.08
6	The Oriental Insurance Company Limited	63,30,020	0.25
7	United India Insurance Company Limited	26,26,337	0.10
<b>FOREIGN INVESTORS</b>			
8	Overseas Investors (including FIIs/OCBs/NRIs)	1,31,64,80,211	51.29
9	Foreign Direct Investment (GDR)	11,53,42,680	4.49
<b>DOMESTIC FINANCIAL INSTITUTIONS</b>			
10	Financial Institutions / Mutual Funds / Banks / NBFC	24,27,74,995	9.46
11	Others	21,54,74,629	8.40
	<b>Total</b>	<b>2,56,65,38,936</b>	<b>100.00</b>

The said equity shares of the Bank are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Unsecured, Redeemable, Non-Convertible, Subordinated, Perpetual Debentures issued by the Bank on a private placement basis are listed on NSE and BSE. The Bonds issued by the Bank under the MTN programme are listed on Singapore Stock Exchange and the Green Bonds issued by the Bank are listed on London Stock Exchange. The Global Depository Receipts (GDR) issued by the Bank are listed on London Stock Exchange.

The Bank has paid the listing fees to the said Stock Exchanges for the financial year 2017-18.

## DIVIDEND

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) the Bank has formulated and adopted a Dividend Distribution Policy with the objective of providing clarity to its stakeholders on the profit distribution strategies of the Bank. The said Policy has been hosted on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/Compliance-Report>.

The Diluted Earnings Per Share (EPS) of the Bank for the financial year 2017-18 stood at ₹1.12 per equity share of ₹2/- each as compared to ₹15.34 per equity share of ₹2/- each in the previous financial year. After making mandatory appropriations to Statutory Reserve, Investment Reserve, Reserve Fund and Capital Reserve, no profits are available for distribution as dividend for the financial

year ended 31<sup>st</sup> March 2018. Accordingly, no dividend has been recommended by the Board of Directors of the Bank for the financial year ended 31<sup>st</sup> March 2018.

### **CLOSURE OF SHARE TRANSFER BOOKS**

The Register of Members and the Share Transfer Books of the Bank will be closed from Saturday, 2<sup>nd</sup> June 2018 to Wednesday, 20<sup>th</sup> June 2018 (both days inclusive) for the purpose of the 24<sup>th</sup> Annual General Meeting of the Shareholders of the Bank to be held on 20<sup>th</sup> June 2018.

### **RATINGS OF VARIOUS DEBT INSTRUMENTS**

The Unsecured Redeemable Non-Convertible Subordinated Debentures issued by the Bank, on a private placement basis, during the financial year 2017-18, were rated "CRISIL AAA/Stable" by CRISIL Ltd, "ICRA AAA hyb" by ICRA Limited and "IND AAA" by India Ratings and Research Private Limited.

The Unsecured, Subordinated, Perpetual, Additional Tier 1, Basel III Compliant Non-Convertible Debentures issued by the Bank on a private placement basis, during the financial year 2017-18, were rated "CRISIL AA+/Stable" by CRISIL Ltd, "ICRA AA+ (hyb)" by ICRA Limited and "IND AA+" by India Ratings & Research Private Ltd.

The Bonds issued by the Bank under the MTN programme on a private placement basis, during the financial year 2017-18, were rated "Baa3" by Moody's, "BBB-" by S&P and Fitch.

### **BOARD OF DIRECTORS**

During the year, the following changes took place in the composition of the Board of Directors of the Bank:

Shri V. R. Kaundinya ceased to hold office as an Independent Director of the Bank, with effect from the close of business hours on Wednesday, 11<sup>th</sup> October 2017, upon completion of the maximum permissible tenure of 8 continuous years, under Section 10A (2A) of the Banking Regulation Act, 1949. The Board acknowledges the invaluable contributions rendered by Shri V. R. Kaundinya during his tenure as an Independent Director of the Bank and places on record its deep appreciation for the insightful perspectives and suggestions provided by him at the meetings of the Board/Committees.

Shri Stephen Pagliuca (Nominee of entities affiliated to BAIN Capital) was appointed as an Additional Non-Executive (Nominee) Director of the Bank, for a period of 4 consecutive years, with effect from 19<sup>th</sup> December 2017, subject to approval of the Shareholders of the Bank. Shri Stephen Pagliuca shall not be liable to retire by rotation during the said period.

The current term of Smt. Shikha Sharma, Managing Director & CEO of the Bank is due to expire on 31<sup>st</sup> May 2018. The Board of Directors at its meeting held on 7<sup>th</sup> December 2017 had re-appointed Smt. Shikha Sharma as the Managing Director & CEO of the Bank for a further period of three years w.e.f. 1<sup>st</sup> June 2018. At the meeting of the Board of Directors held on 9<sup>th</sup> April 2018, Smt. Shikha Sharma requested the Board that the period of her re-appointment as the Managing Director & CEO of the Bank be revised from 1<sup>st</sup> June 2018 up to 31<sup>st</sup> December 2018. The Board considered her request and approved her re-appointment as the Managing Director & CEO of the Bank from 1<sup>st</sup> June 2018 up to 31<sup>st</sup> December 2018 (both days inclusive) and the terms and conditions relating to the said re-appointment, including remuneration, subject to the approval of the RBI and the Shareholders of the Bank, which would also enable the Bank to manage the transition period and ensure orderly succession for the said post. The RBI has granted its approval to the said re-appointment and the terms and conditions, including remuneration thereof.

During the year, no other changes took place in the composition of the Board of Directors of the Bank. The composition of the Board of Directors of the Bank is in compliance with the applicable norms.

### **SELECTION AND APPOINTMENT OF DIRECTORS**

The selection and appointment of Directors of the Bank is done in accordance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Banking Regulation Act, 1949, the Guidelines issued by the RBI and the relevant provisions of the Listing Regulations relating to Corporate Governance.

The Bank has a formal succession planning process in place, pursuant to which it periodically reviews its in-house talent across all levels and benchmarks it with the talent available in the banking industry. In terms of the succession planning/ talent review process, the Bank proactively takes steps to review the existing talent at the senior management level of the Bank and also engages the services of an external consultant to assess the suitability of potential candidates both from inside and outside the Bank taking into account the contemporary skills sets required for the said post and their ability to manage challenges faced by the Bank.

The Bank adheres to the process and methodology prescribed by the RBI in respect of 'Fit & Proper' criteria as applicable to Private Sector Banks, signing of deed of covenants which binds the Directors to discharge their responsibilities to the best of their abilities, individually and collectively in order to be eligible to be appointed as a Director of the Bank. The prescribed declarations given by the Directors other than that of the Members of the Nomination & Remuneration Committee (NRC) are placed before the NRC and the declarations



given by the Members of the NRC are placed before the Board, for its review and noting. The said declarations are obtained from all the Directors on an annual basis and also at the time of their appointment / re-appointment, in compliance with the said laws. An assessment on whether the Directors fulfil the said criteria is also carried out by the NRC and the Board on an annual basis, before considering their candidature for re-appointment.

The NRC also reviews the structure, size, composition of the Board, the regional and industry experience, track record, expertise and other relevant information and documents of the Directors before making appropriate recommendations to the Board with regard to their appointment, re-appointment and remuneration designed to enhance the Board's effectiveness.

The NRC on an ongoing basis also identifies potential candidates from diverse backgrounds including but not limited to accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, small-scale industry, information technology, core industries, infrastructure sector, payment and settlement systems, human resource, risk management and business management, thus providing the Board with members who have special knowledge, practical experience and diverse set of skills, who could serve the diverse business interests of the Bank.

### **DECLARATION OF INDEPENDENCE**

All the Independent Directors of the Bank have given their respective declarations stating that they meet the criteria prescribed for independence under the applicable laws and in the opinion of the Board, all the Independent Directors of the Bank meet the said criteria.

### **KEY MANAGERIAL PERSONNEL**

Smt. Shikha Sharma, Managing Director & CEO, Shri Jairam Sridharan, Chief Financial Officer and Shri Girish V. Koliyote, Company Secretary are the Key Managerial Personnel of the Bank, in terms of Section 2(51) read with Section 203(1) of the Companies Act, 2013.

During the year, there were no changes in the composition of the Key Managerial Personnel of the Bank.

### **BOARD PERFORMANCE EVALUATION**

The Companies Act, 2013 and the Listing Regulations relating to Corporate Governance contains provisions on evaluation of the performance of the Board as a whole, Individual Directors including Independent Directors, Non-Independent Directors, Chairperson and the Board Committees.

The Bank had engaged the services of an external consultant to help it conduct an impartial and independent Board performance evaluation, as aforesaid. On the basis of their findings, a process of evaluation was recommended to the NRC for adoption. The manner in which the evaluation has been conducted is explained in the Report on Corporate Governance, which forms part of this report.

### **MEETINGS**

The schedule of the meetings of the Board and the Board Committees for the ensuing financial year is circulated in advance to the Members of the Board, for their consideration and approval. During the year, 9 meetings of the Board of Directors of the Bank were held and the gap between the said meetings did not exceed the limit of 120 days, as prescribed under the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder and the Listing Regulations relating to Corporate Governance.

### **AUDIT COMMITTEE**

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

### **REMUNERATION POLICY**

The Bank has formulated and adopted a Comprehensive Remuneration Policy for its Directors, Key Managerial Personnel and other Employees, in terms of the relevant provisions of Section 178 of the Companies Act, 2013, the relevant Rules made thereunder and the Listing Regulations relating to Corporate Governance. The details of the said Remuneration Policy have been disclosed in the Report on Corporate Governance, which forms part of this report. The said Policy has been hosted on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/Compliance-Report>.

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

The details of the Whistle Blower Policy and Vigil Mechanism have been disclosed in the Report on Corporate Governance, which forms part of this report.

## SUBSIDIARIES

As on 31<sup>st</sup> March 2018, the Bank has the following eleven unlisted subsidiary companies and one step down subsidiary;

- 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.
- ix) A.TREDS Ltd. is engaged in the business of discounting trade receivables.
- x) Freecharge Payment Technologies Private Ltd. which was acquired on 6<sup>th</sup> October 2017 is in the business of providing digital payments services through web & mobile-based platforms and payment gateways.
- xi) Accelyst Solutions Private Ltd. which was acquired on 6<sup>th</sup> October 2017 is in the business of providing digital payments services through web- & mobile-based platforms.
- xii) Axis Capital USA, LLC. is a wholly owned subsidiary of Axis Capital Limited incorporated in USA and provides financial services relating to equity capital market, institutional stock broking to institutional investors in USA.

During the Financial Year 2017-18, Axis Securities Europe Ltd. engaged in the business of financial advisory services was wound up with effect from 16<sup>th</sup> May 2017.

During the year, the Bank acquired 100% equity capital of Accelyst Solutions Private Ltd. and Freecharge Payment Technologies Private Ltd. Both the companies have become wholly owned subsidiaries of the Bank. Freecharge Payment Technologies Private Ltd. is engaged in the business of operating payment system for semi-closed prepaid payment instruments and gift vouchers under the license issued by the Reserve Bank of India, card processing services, payment aggregation services, merchant acquisition services and payment support services. Accelyst Solutions Private Ltd. is engaged in the business of providing and facilitating online recharge / bill payment / coupon services, marketing platform for third parties, distribution of mutual funds and insurance products through the mobile application /website / mobile site.

During the year, Axis Capital Ltd. incorporated Axis Capital USA, LLC on 2<sup>nd</sup> August 2017, as its wholly owned subsidiary in USA to provide financial services relating to equity capital market, institution stock broking to institutional investors in USA. It will be operational after completion of registration formalities with Financial Industry Regulatory Authority, Inc. (FINRA) and Securities and Exchange Commission, USA.

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

In accordance with the third proviso to Section 136(1) of the Companies Act, 2013, the Annual Report of the Bank, containing therein its standalone financial statements and the consolidated financial statements and all other documents required to be attached thereto has been hosted on its website [www.axisbank.com](http://www.axisbank.com).

Further, in accordance with the fourth proviso to the said section, the audited annual accounts of each of the said subsidiary companies of the Bank have been hosted on the Bank's website <https://www.axisbank.com/shareholders-corner/shareholder-s-information/annual-reports#/>.



Any shareholder interested in obtaining a physical copy of the aforesaid financial statements may write to the Company Secretary at the Registered Office of the Bank. Further, please note that the said financial statements will also be available for inspection by the Members of the Bank and Trustees of Debenture holders at the Registered Office of the Bank during business hours from 11.00 a.m. to 1.00 p.m. on all working days except Saturdays, Sundays, Bank Holidays and National Holidays.

## RELATED PARTY TRANSACTIONS

During the year, the Bank has not entered into any materially significant transactions with its Promoters, Directors, Management, Subsidiaries or Relatives of the Directors/Management, which could lead to potential conflict of interest between the Bank and these parties, other than transactions entered into in the ordinary course of its business.

Transactions entered into by the Bank with related parties in the normal course of its business were placed before the Audit Committee of the Board (ACB). There were no material individual transactions with related parties, which were not in the normal course of the business of the Bank, nor were there any material transactions with related parties or others, which were not on arm's length basis. Accordingly, AOC-2 is not applicable to the Bank. A statement giving details of all related party transactions, entered pursuant to the omnibus approval so granted, is placed before the ACB for their review, on a quarterly basis. The Bank has developed a Standard Operating Procedure for the purpose of identifying and monitoring such transactions. The policy on Related Party Transactions has been hosted on the Bank's website at <https://www.axisbank.com/docs/default-source/quarterly-reports/6policy-on-related-party-transactions.pdf?sfvrsn=2>, in terms of the Listing Regulations relating to Corporate Governance.

## EMPLOYEE STOCK OPTION PLAN (ESOP)

Since the financial year 2000-01, the Bank has formulated and adopted several Employee Stock Option Schemes (ESOS) for the benefit of the eligible Directors / Employees of the Bank and some of its subsidiary companies, in terms of 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, as amended, from time to time. The objective of the said ESOS is to enhance employee motivation, enable employees to participate, 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 of the Bank as its active stakeholder and to usher an 'owner-manager' culture.

In terms of the said ESOS, as on date, up to 24,00,87,000 options can be granted by the Bank to the eligible Directors / Employees of the Bank and some of its Subsidiary Companies. The eligibility and number of options to be granted to such eligible Directors / Employees is determined on the basis of their performance and such other criteria as reviewed and approved by the NRC / Board of Directors of the Bank, as the case may be, from time to time.

During the period from February 2001 to July 2013, the Shareholders of the Bank had approved the grant of stock options, as aforesaid, on six occasions. Under the first two ESOS of the Bank and in respect of the grant of stock options made by the Bank upto 29<sup>th</sup> April 2004, the option conversion price was set at the average of the daily high-low price of the Bank's equity shares traded during the 52 weeks preceding the date of approval of grant by the Board of Directors of the Bank / NRC, prevailing on the Stock Exchange which had the maximum trading volume of the Bank's equity share during the said period. Thereafter, under the third and subsequent ESOS of the Bank and with effect from the said grants made by the Bank on or after 10<sup>th</sup> June 2005, the option conversion price was changed to the latest available closing price of the equity shares prevailing on the Stock Exchange which recorded higher trading volume, on the day prior to the date of approval of grant by the NRC.

Pursuant to the sub-division of the equity shares of the Bank, the Shareholders of the Bank at the 20<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> June 2014, also approved the consequent adjustments to the stock options granted to the eligible Directors / Employees of the Bank and that of its Subsidiary Companies, under the various ESOS of the Bank, such that all stock options available for grant (including lapsed and forfeited options available for reissue) and those already granted but not vested and those vested but not exercised, as on the record date fixed for the purpose of sub-division, were proportionately converted into options bearing equity shares of the face value of ₹2 each of the Bank and the grant price of all the outstanding stock options (unvested, vested and unexercised) as on the said record date for the purpose of sub-division were proportionately adjusted by dividing the existing grant price by 5. The record date for the said sub-division was 30<sup>th</sup> July 2014.

Since 24<sup>th</sup> February 2001 up to 15<sup>th</sup> May 2017, the NRC / Board had out of the said 24,00,87,000 options, approved the grant of 25,31,58,700 options (including 2,62,12,797 options which were lapsed and forfeited) to the eligible Directors / Employees of the Bank and some of its Subsidiary Companies, in terms of the various ESOS of the Bank. The said options are non-transferable and vest at rates of 30%, 30% and 40% on each of three successive anniversaries following the date of respective grant, subject to standard vesting and other conditions as set out in the respective ESOS of the Bank. The said options are required to be exercised by the concerned Directors / Employees of the Bank and some of its Subsidiary Companies, within a period of three / five years, from the date of its respective vesting, in terms of the respective ESOS of the Bank.



As of 31<sup>st</sup> March 2018, out of the said 25,31,58,700 options so granted 21,34,53,153 options have been vested, out of which 19,73,90,994 options have been exercised and the balance 1,60,62,159 options remain unexercised. Further 1,34,92,750 options remained unvested and 2,62,12,797 options had been treated as lapsed and forfeited.

There were no material changes in the ESOS of the Bank during the financial year 2017-18 and the same is in compliance with the relevant provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014.

Statutory disclosures as mandated under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 have been uploaded on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/compliance-report>.

## **CORPORATE GOVERNANCE**

The Bank is committed to achieving and adhering to the highest standards of Corporate Governance and it constantly benchmarks itself with best practices, in this regard.

The Report on Corporate Governance for the financial year 2017-18 along with a Certificate issued by the Statutory Auditors of the Bank confirming compliance with the mandatory requirements relating to Corporate Governance as stipulated under Chapter IV of the Listing Regulations, forms part of this report.

The Corporate Governance framework of the Bank incorporates all the mandatory requirements as prescribed in the Listing Regulations. The Bank has also adopted the non-mandatory requirements as recommended in the Listing Regulations, detailed in the Report on Corporate Governance, which forms part of this report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors of the Bank 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 financial year ended 31<sup>st</sup> March 2018, 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 accounts of the Financial Statements have been selected and applied consistently and judgments 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 2018 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**

Pursuant to Section 92(3) and Section 134(3) of the Companies Act, 2013 read with Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, as amended, the extract of the Annual Return in Form MGT 9, is provided as an annexure to this report.

## **PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, in respect of directors / employees of the Bank, is provided as an annexure to this report.



As on 31<sup>st</sup> March 2018, the Bank had 50 employees who were employed throughout the year and were in receipt of remuneration of more than ₹1.02 crore per annum and 6 employees of the Bank who were employed for part of the year and were in receipt of remuneration of more than ₹8.50 lakhs 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 56 employees of the Bank containing the particulars as specified in Rule 5 (2) of the said Rules, which is available for inspection by the Members at the Registered Office of the Bank during business hours of the Bank up to the date of the ensuing Annual General Meeting. Any Member interested in obtaining a copy thereof, may write to the Company Secretary of the Bank at its Registered Office.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

### **CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION:**

Energy and natural resource conservation have been focus areas for the Bank and conscious efforts are being made towards improving energy performance, year on year.

For Sustainable Development, Energy efficiency initiatives have been implemented across several branches and offices through energy and resource conservation projects.

The Bank ensures strict compliance with all statutory requirements and voluntarily undertakes several sustainable steps in order to contribute towards a better environment.

Some of the steps undertaken and the impact perceived are listed below:

- Implementation of Solar energy projects across select Branches/ Offices, aggregating ~5.05 MW. This also includes 1.27 MW project at Axis House, NOIDA
- Implementation of Centralised Energy Management System (CEMS) to monitor and control energy consumption.
- Conversion of conventional lighting to LED in select premises & implementation of LED lights in all new Branches/Offices.
- Conversion of Food/Wet waste at Axis House into manure through compost machine for use in landscaping/gardening.
- Maintenance of unity power factor through 500 KVAR x 4 Nos of APFC panels in auto mode for optimum use of power at Axis House
- Installation of Motion sensors for workstation and common area lighting at Axis House.
- Re-cycling of Dry waste at Axis House into stationery items like notepads.
- Daily re-cycling of 150 KL of water through Sewage Treatment Plant at Axis House, Worli.
- Reduction of water consumption at Axis House and Gigaplex (Airoli) through use of aerators.
- Rain Water Harvesting at Axis House.
- Saving of water through use of Bio-blocks in urinals at Select Large Facilities.
- Installation of sensors in washbasins to optimise flow of water.

### **FOREIGN EXCHANGE EARNING AND OUTGO:**

The provisions relating to Section 134(3)(m) of the Companies Act, 2013 on particulars relating to Foreign Exchange Earning and Outgo are not applicable to a Banking Company, as such no disclosure is being made in this regard.

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

The Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of the Listing Regulations, is provided as an annexure to this report.

## **RISK MANAGEMENT**

Pursuant to Regulation 21 of the Listing Regulations, the Bank has constituted a Risk Management Committee of the Board of Directors. The details of the said Committee and its terms of reference are set out in the Report on Corporate Governance, which forms 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 Risk Management Framework, it has delegated its powers relating to monitoring and reviewing of risks 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 provided as an annexure to this report.

### **BUSINESS RESPONSIBILITY REPORT**

In terms of Regulation 34(2)(f) of the Listing Regulations, top 500 listed entities based on their market capitalisation as on 31<sup>st</sup> March every year, are required to submit their Business Responsibility Report (BRR) as a part of the Annual Report. The Bank's Business Responsibility Report describing the initiatives taken by the Bank from an environmental, social and governance perspective has been hosted on the website of the Bank, [www.axisbank.com](http://www.axisbank.com) at <https://www.axisbank.com/shareholders-corner/shareholder's-information/business-responsibility-report>. Any Member interested in obtaining a copy of the BRR may write to the Company Secretary of the Bank at its Registered Office.

### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The provisions relating to Section 134(3)(g) of the Companies Act, 2013 on particulars of loans, guarantees and investments are not applicable to a Banking Company, as such no disclosure is being made in this regard.

### **CORPORATE SOCIAL RESPONSIBILITY**

The Bank has constituted the Corporate Social Responsibility (CSR) Committee 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, as amended.

The brief outline of the CSR Policy, including overview of the programs undertaken by the Bank, the composition of the CSR Committee, average net profits of the Bank for the past three financial years, prescribed CSR expenditure and details of the amounts spent by the Bank on CSR activities during the year under review, have been provided as an annexure to this report.

The Bank's Corporate Social Responsibility Policy which has been reviewed and approved by the CSR Committee has been hosted on the website of the Bank at <https://www.axisbank.com/csr>.

### **PLAN AND STATUS OF IND AS IMPLEMENTATION**

The Reserve Bank of India (RBI) issued a circular in February 2016 requiring banks to implement Indian Accounting Standards (Ind AS) and prepare standalone and consolidated Ind AS financial statements with effect from 1<sup>st</sup> April 2018. Banks are also required to report the comparative financial statements for the financial year 2017-18, to be published along with the financial statement for the year beginning 1<sup>st</sup> April 2018. However, the RBI in its press release issued on 5<sup>th</sup> April 2018 has deferred the applicability of Ind AS by one year for Scheduled Commercial Banks. Banks are now required to implement Ind AS with effect from 1<sup>st</sup> April 2019 and prepare standalone and consolidated Ind AS financial statements for FY 2019-20 with comparative figures for financial year 2018-19.

In line with the RBI guidelines on Ind AS implementation, the Bank has formed a Steering Committee comprising members from the concerned functional areas, headed by the Deputy Managing Director of the Bank. A quarterly progress report on the status of Ind AS implementation in the Bank is presented to the Audit Committee of the Board. During FY 2016-17, the Bank has undertaken a preliminary diagnostic analysis of the GAAP differences between Indian GAAP vis-a-vis Ind AS. The Bank has also submitted Proforma Ind AS financial statements for the six months ended 30<sup>th</sup> September 2016 and three months ended 30<sup>th</sup> June 2017 to the RBI.

The Bank has identified and evaluated data gaps, process and system changes required to implement Ind AS and is in the process of implementing necessary changes in its IT system and other processes. Dry-run of accounting systems and end-to-end reporting process will be undertaken at the appropriate time during the year. The Bank has been holding workshops and training for its staff, which will continue in the current year.

The Bank is in the process of preparation of opening Ind AS financials as on 1<sup>st</sup> April 2018 and is also examining impact of Ind AS on business planning, budgeting, taxation, capital planning and on capital adequacy. The Bank will prepare quarterly Ind AS financials during the year 2018-19 for internal purpose, which will be used later, as comparative numbers for the financial year 2019-20.

### **STATUTORY AUDITORS**

At the 20<sup>th</sup> Annual General Meeting of the Shareholders of the Bank held on 27<sup>th</sup> June 2014, M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Bank (Membership No. 301003E/ E300005), was appointed as the Statutory Auditors of the Bank to hold office as such from the conclusion of the 20<sup>th</sup> Annual General Meeting until the conclusion of the 24<sup>th</sup> Annual General Meeting, subject to the approval of the Reserve Bank of India and ratification by the Shareholders each year and on such remuneration, as may be approved by the Audit Committee of the Board (ACB).



As the term of M/s S. R. Batliboi & Co. LLP, Chartered Accountants will expire at the conclusion of the ensuing 24<sup>th</sup> Annual General Meeting of the Bank, it is proposed to appoint M/s Haribhakti & Co. LLP, Chartered Accountants, Mumbai (Membership Number 103523W/W100048) as the Bank's new Statutory Auditor, subject to the approval of the Shareholders of the Bank. Pursuant to the recommendation of the Audit Committee of the Board, the Board of Directors has proposed the appointment of M/s Haribhakti & Co. LLP, Chartered Accountants, having registration number 103523W/W100048, issued by the Institute of Chartered Accountants of India, as the Statutory Auditors of the Bank for a period of four consecutive years and to hold office as such from the conclusion of the 24<sup>th</sup> Annual General Meeting upto the conclusion of the 28<sup>th</sup> Annual General Meeting. The Shareholders are requested to consider their appointment on such remuneration as may be decided by the ACB. The said appointment has been approved by the RBI.

In this regard, the Bank has received a certificate from the said Statutory Auditor to the effect that the appointment, if made, would be in accordance with the relevant provisions of Section 141 of the Companies Act, 2013. The said appointment has also been approved by the RBI in terms of relevant provisions of the Banking Regulation Act, 1949.

As required under Regulation 33(1)(d) of the Listing Regulations, 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.

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 report. Further, pursuant to Section 143(12) of the Companies Act, 2013, the Statutory Auditors of the Bank have not reported any instances of frauds committed in the Bank by its officers or employees.

The Board of Directors places on record their appreciation for the professional services rendered by M/s S. R. Batliboi & Co., Chartered Accountants, during their tenure as the Statutory Auditors of the Bank.

#### **SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the relevant provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank had appointed M/s BNP & Associates, Company Secretaries, Mumbai, to act as the Secretarial Auditor of the Bank for the financial year 2017-18. The secretarial audit of the Bank was conducted on a quarterly basis in respect of the matters prescribed in the said Rules and as set out in the Secretarial Audit Report for the financial year 2017-18, which is provided as an annexure to this report.

The Secretarial Auditor of the Bank, in its report has made an observation on the Directions issued by SEBI on 27<sup>th</sup> December 2017 with respect to the alleged leakage of Unpublished Price Sensitive Information (UPSI) relating to the unaudited financial results of the Bank, for the quarter ended 30<sup>th</sup> June 2017.

Pursuant to the said Directions, the Bank had appointed Deloitte Touche Tohmatsu India LLP, Mumbai (Deloitte) to evaluate and suggest measures to strengthen the process, controls and systems relating to preparation, finalization and disclosure of the financial results of the Bank and conduct a fact-finding review into the alleged leakage of unpublished price sensitive information relating to the unaudited financial results of the Bank, for the quarter ended 30<sup>th</sup> June 2017 and submit a report to the Bank within the time frame prescribed by SEBI. The Bank had also appointed Ernst & Young (EY) to conduct a similar review in respect of the representatives of the Statutory Auditors of the Bank, as they had access to the said results.

The Bank has submitted its report to SEBI, in compliance with the said Directions. Based on the procedures performed by Deloitte and EY, their findings indicate that they did not come across any specific instance that indicates sharing or forwarding of UPSI data relating to the said financial results of the Bank, with any external parties/ individuals.

The Bank has also taken measures to further strengthen its process, controls and systems relating to preparation, finalisation and disclosure of its financial results and to plug any possible source of leakage of UPSI relating to its financial results, in future.

Apart from the above, there are no qualifications, reservations or adverse remarks made by the Secretarial Auditor of the Bank, in its 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 2017-18, no significant or material orders were passed by any Regulator, Court or Tribunal against the Bank, which could impact its going concern status or 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 Bank's Fraud Risk Management Policy) and the findings in respect of the investigations conducted on frauds, which were material in nature and the actions taken by the Management in this regard.

**CEO & CFO CERTIFICATION**

Certificate issued by Smt. Shikha Sharma, Managing Director & CEO and Shri Jairam Sridharan, Group Executive & CFO of the Bank, for the financial year ended 31<sup>st</sup> March 2018, was placed before the Board of Directors at its meeting held on 26<sup>th</sup> April 2018, in terms of Regulation 17(8) of the Listing Regulations.

**MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE BANK**

There are no material changes and commitments which affected the financial position of the Bank which occurred between the end of the financial year of the Bank to which the financial statements relate and the date of this report.

**ACKNOWLEDGEMENTS**

The Board of Directors places on record its gratitude to the Reserve Bank of India, Ministry of Corporate Affairs, Securities and Exchange Board of India, other Statutory and Regulatory Authorities, Financial Institutions, Stock Exchanges, Registrar and Share Transfer Agent, Debenture Trustees, Depositories and Correspondent Banks for their continued support and guidance.

The Board also places on record its appreciation to the Shareholders of the Bank for their continued support and to its valued customers for their continued patronage. The Board also expresses its deep sense of appreciation to all the employees of the Bank for their strong work ethic, excellent performance, professionalism, teamwork, commitment and initiatives which has led to the Bank reinforcing its customer centric image and making commendable progress in today's challenging environment.

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

**Place: Mumbai**  
**Date: 16<sup>th</sup> May 2018**

**Dr. Sanjiv Misra**  
**Chairman**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### MACRO-ECONOMIC ENVIRONMENT

Global growth accelerated during fiscal 2018, with a synchronized recovery in US, the Euro area, and Japan; even China seemed to be stabilizing. A pervasive sense of investor confidence led to unusually low financial markets volatility, resulting in aggressive pricing of risk assets across bond and emerging markets. Oil prices rose during the year, as OPEC cuts led inventories to be drawn down, while metal prices recovered along with fall in inventories due to stronger demand. Global Inflation, however, has remained persistently below central bank's targets. However, global central banks are becoming more hawkish, with at least 3 Fed rate hikes in 2018, an ECB rate hike in 2019, and the end of Quantitative Easing by Bank of Japan in 2019 all now within the realm of possibility.

India's macro fundamentals have remained broadly stable, but with oil prices no longer falling, the tailwinds from falling inflation and a low current account deficit are fading. At the same time, the government has extended the fiscal consolidation programme, raising deficit targets for both FY18 and FY19. Domestic growth appears to be recovering cyclically, and high frequency indicators showing a recovery more pronounced in manufacturing than in services. Both remain drivers of a stronger GDP print, with the CSO estimating FY18 growth at 6.6%, and the RBI forecasting FY19 growth at 7.4%.

Capex trends are beginning to improve, as seen in IIP and other high frequency indicators, and as noted by the RBI in its latest monetary policy review. Corporate credit growth is better than the troughs following the demonetization exercise, but this currently appears to be partially due to working capital financing. A reallocation from market instruments, which tightening liquidity has made less attractive, to bank credit is also a factor.

At the first RBI Monetary Policy Committee (MPC) meeting in early April, members did express concerns on upside risks to inflation, but seemed more confident over a lower trajectory, which they projected only slightly above the 4% target well into FY20 (with the caveat that these did not factor in the new Minimum Support Prices formula). The risks to inflation which appeared tilted to the upside – lengthening of fiscal consolidation, potentially higher inflation through the new Minimum Support Prices (MSP) formula and higher customs duty, high household inflation expectations, global central bank tightening, higher commodity prices, etc – will play a role in determining the stance of policy. The MPC chose to continue with its neutral stance so as to nurture the nascent recovery.

### PROSPECTS FOR FISCAL 2019

The IMF projects Global growth prospects to remain firm in the coming year, with lower taxes and fiscal expansion in the US, as well as potential Eurozone reforms amid accommodative financing conditions. China's able stewardship of the shift to a lower and sustainable growth trajectory has led to some easing in investor uncertainty. However, fresh risks are asserting themselves. Higher oil and commodity prices might once again lead to larger trade imbalances, increasing future potential volatility. A potential trade war, with US tariffs on steel seeing retaliation from other countries, might escalate. The effects of faster than expected withdrawal of stimulus, can still hit markets where risks are priced aggressively, particularly Emerging Markets currencies.

Although our base projections indicate that CPI inflation in India is likely to average ~4.3% over FY19, there are many upside risks, including the pass through to fuel of high oil prices, spatial and temporal distribution of monsoon rains, implementation of 7<sup>th</sup> Pay Commission awards for State Government employees and steep increase in kharif MSP. Given these risks, which are reflected in the minutes of the latest meeting, we expect the Monetary Policy Committee to remain on an extended pause with a rising probability of eventual tightening. Liquidity will be tighter than in FY 18, and market interest rates have risen back from low levels to those more commensurate with seasonal patterns. Assuming that liquidity conditions will be maintained around neutral levels by the RBI, short end interest rates are likely to remain linked to the RBI repo rate. However, long term rates retain the potential to be driven by broader market trends, as in the past few months.

As per our base projections, India's growth is expected to improve to 7.3% in FY19, with much of the increase likely from higher consumption. Investment is likely to remain modest, particularly in H1, but capex spend will be supported by spends on urban infrastructure and road and rail projects, renewable energy and affordable housing. Bank credit growth will also revive only gradually, since most of the initial capex will be public sector led.

As a result of these trends, the Rupee is likely to steadily depreciate, with RBI able to modulate volatility. The broad, longer term drift is likely to depend more on global trends, especially movements in other Emerging Market currencies.

## OVERVIEW OF FINANCIAL PERFORMANCE

### Operating performance

Particulars	2017-18 ▽	2016-17	(₹ in crores) % change
Net interest income	18,617.73	18,093.12	2.90
Non-interest income	10,967.09	11,691.31	(6.19)
<b>Operative revenue</b>	<b>29,584.82</b>	<b>29,784.43</b>	<b>(0.67)</b>
Operating expenses	13,990.34	12,199.91	14.68
<b>Operating profit</b>	<b>15,594.48</b>	<b>17,584.52</b>	<b>(11.32)</b>
Provisions and contingencies	15,472.91	12,116.96	27.70
<b>Profit before tax</b>	<b>121.57</b>	<b>5,467.56</b>	<b>(97.78)</b>
Provision for tax	(154.11)	1,788.28	-
<b>Net profit</b>	<b>275.68</b>	<b>3,679.28</b>	<b>(92.51)</b>

Net profit for the year ended 31 March, 2018 contracted by 92.51% and stood at ₹275.68 crores, as compared to the net profit of ₹3,679.28 crores last year, primarily on account of higher provision for non-performing assets (NPAs). Operating profit reported a decline of 11.32% over the previous year to ₹15,594.48 crores with operating revenue decline of 0.67%.

Operating revenue declined from ₹29,784.43 crores in fiscal 2017 to ₹29,584.82 crores in fiscal 2018. Net interest income (NII) rose 2.90% from ₹18,093.12 crores in fiscal 2017 to ₹18,617.73 crores in fiscal 2018. Non-interest income consisting of fee, trading and other income declined by 6.19% from ₹11,691.31 crores in fiscal 2017 to ₹10,967.09 crores in fiscal 2018. However fee income grew strongly by 12.50% from ₹7,882.01 crores in fiscal 2017 to ₹8,866.97 crores in fiscal 2018. Trading profit declined by 52.45% and stood at ₹1,616.76 crores in fiscal 2018.

Operating expenses rose 14.68% from ₹12,199.91 crores in fiscal 2017 to ₹13,990.34 crores in fiscal 2018 as the Bank continued to invest in branch infrastructure, technology and human capital to support its business growth. Decline in operating revenues along with higher operating expenses this fiscal led to a decline in the Bank's operating profit by 11.32% to ₹15,594.48 crores from ₹17,584.52 crores reported last year. Provisions and contingencies jumped 27.70% from ₹12,116.96 crores in fiscal 2017 to ₹15,472.91 crores in fiscal 2018. Consequently, profit before taxes declined by 97.78% to ₹121.57 crores and net profit contracted by 92.51%, from ₹3,679.28 crores in fiscal 2017 to ₹275.68 crores in fiscal 2018.

### Net interest income

Particulars	2017-18 ▽	2016-17	(₹ in crores) % change
Interest on loans	34,137.47	33,124.96	3.06
Interest on investments	9,983.30	9,622.82	3.75
Other interest income	1,659.54	1,794.38	(7.51)
<b>Interest income</b>	<b>45,780.31</b>	<b>44,542.16</b>	<b>2.78</b>
Interest on deposits	19,173.52	19,639.63	(2.37)
Other interest expense	7,989.06	6,809.41	17.32
<b>Interest expense</b>	<b>27,162.58</b>	<b>26,449.04</b>	<b>2.70</b>
<b>Net interest income</b>	<b>18,617.73</b>	<b>18,093.12</b>	<b>2.90</b>
Average interest earning assets <sup>1</sup>	541,127	492,868	9.79
Average CASA <sup>1</sup>	179,731	151,678	18.50
Net interest margin	3.44%	3.67%	-
Yield on assets	8.44%	8.97%	-
Yield on advances	9.12%	9.77%	-
Yield on investments	7.14%	7.49%	-
Cost of funds	5.15%	5.60%	-
Cost of deposits	4.89%	5.54%	-

<sup>1</sup> computed on daily average basis



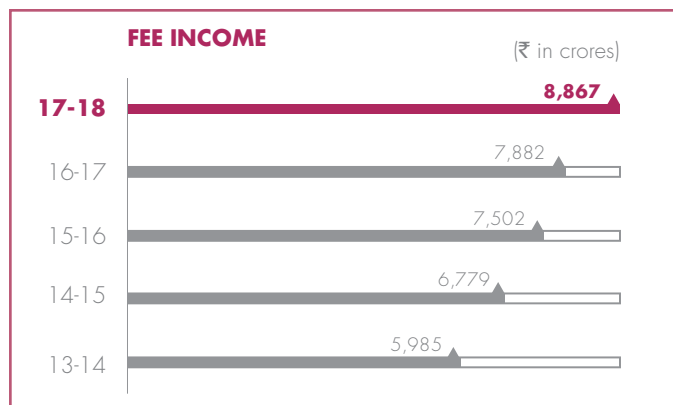
NII constituted 62.93% of the operating revenue and increased by 2.90% from ₹18,093.12 crores in fiscal 2017 to ₹18,617.73 crores in fiscal 2018. The increase is primarily due to an increase in average interest earning assets on a daily average basis by 9.79%, even as net interest margin (NIM) during the fiscal year 2018 contracted by 23 bps to 3.44%. The decline in NIM was mainly on account of higher fall in yield on interest earning assets of 53 basis points (bps) as compared to 45 bps decline in cost of funds.

During this period, the yield on interest earning assets decreased from 8.97% last year to 8.44%. The yield on advances declined by 65 bps from 9.77% in fiscal 2017 to 9.12% in fiscal 2018 primarily due to higher interest reversals on NPAs and reduction in base rate by 20 bps, even as marginal cost of funds based lending rate (MCLR) rose by 15 bps in the last quarter of the fiscal 2018. The yield on investments contracted by 35 bps during the fiscal 2018. Cost of funds also moderated by 45 bps from 5.60% in fiscal 2017 to 5.15% in fiscal 2018 led by moderation in the cost of deposits and further aided by the Bank's continued focus on CASA. During the year, the cost of deposits decreased to 4.89% from 5.54% last year, primarily due to a decrease in cost of term deposits by 73 bps to 6.91% from 7.64% last year. CASA deposits, on a daily average basis, reported a healthy increase of 18.50% to ₹179,731 crores from ₹151,678 crores last year.

### Non-interest income

Particulars	2017-18	2016-17	(₹ in crores) % change
	▽		
Fee income	8,866.97	7,882.01	12.50
Trading profit	1,616.76	3,400.34	(52.45)
Miscellaneous income	483.36	408.96	18.19
<b>Non-interest income</b>	<b>10,967.09</b>	<b>11,691.31</b>	<b>(6.19)</b>

Non-interest income comprising fees, trading profit and miscellaneous income declined by 6.19% to ₹10,967.09 crores in fiscal 2018 from ₹11,691.31 crores last year and constituted 37.07% of the operating revenue of the Bank.



Fee income increased by 12.50% to ₹8,866.97 crores from ₹7,882.01 crores last year and continued to remain a significant part of the Bank's non-interest income. It constituted 80.85% of non-interest income and contributed 29.97% to the operating revenue. The share of granular fees comprising of Retail and Transaction Banking fees witnessed improvement during the year and stood at 75% compared to 70% last year. Retail card fees, Retail non-card fees and Transaction Banking fees constituted 18%, 30% and 27%, respectively of the total fee income in fiscal 2018. The Corporate Banking fee growth momentum remained weak during the year due to lack of fresh investment demand and the Bank's continued focus on better rated corporate clients. The share of Corporate fee in the overall fee profile stood at 18%. The rest 7% was contributed by Treasury and SME segments.

During the year, proprietary trading profits declined by 52.45% to ₹1,616.76 crores from ₹3,400.34 crores last year mainly on account of lower profits on SLR and bond portfolio in fiscal 2018 compared to fiscal 2017.

The Bank's miscellaneous income was higher at ₹483.36 crores compared to ₹408.96 crores in previous year mainly on account of recovery in written off accounts.

### Operating revenue

The operating revenue of the Bank decreased by 0.67% to ₹29,584.82 crores from ₹29,784.43 crores last year. The core income streams (NII and fees) constituted 92.90% of the operating revenue, reflecting the stability of the Bank's earnings.



## Operating expenses

(₹ in crores)

Particulars	2017-18 ▽	2016-17	% change
Staff cost	4,312.96	3,891.86	10.82
Depreciation	568.10	508.80	11.65
Other operating expenses	9,109.28	7,799.25	16.80
<b>Operating expenses</b>	<b>13,990.34</b>	<b>12,199.91</b>	<b>14.68</b>
Cost : Income Ratio	47.29%	40.96%	-
Cost : Assets Ratio	2.17%	2.13%	-

The operating expenses growth for the Bank moderated during the year to 14.68% as compared to 20.78% last year. The Bank continued to focus on making investments in expanding branch network and other infrastructure required for supporting the existing and new businesses, as a result of which the operating expenses increased to ₹13,990.34 crores from ₹12,199.91 crores last year. The operating expenses to assets ratio stood at 2.17% compared to 2.13% last year.

Staff cost increased by 10.82% from ₹3,891.86 crores in fiscal 2017 to ₹4,312.96 crores in fiscal 2018, primarily on account of 5.29% increase in employee strength from 56,617 as at end of fiscal 2017 to 59,614 as at the end of fiscal 2018.

Other operating expenses increased by 16.80% from ₹7,799.25 crores in fiscal 2017 to ₹9,109.28 crores in fiscal 2018. The increase is primarily due to investments in branch infrastructure and technology to support business growth. The Bank added 400 branches during fiscal 2018.

## Operating profit

During the year, the operating profit of the Bank declined by 11.32% to ₹15,594.48 crores from ₹17,584.52 crores last year.

## Provisions and contingencies

(₹ in crores)

Particulars	2017-18 ▽	2016-17	% change
Provision for non-performing assets	16,598.71	11,157.06	48.77
Provision for restructured assets/SDR/S4A	(307.16)	290.53	-
Provision for standard assets including unhedged foreign currency exposure	(144.30)	334.57	-
Provision for depreciation in value of investments	(211.01)	238.70	-
Provision for country risk	(19.94)	19.94	-
Provision for other contingencies	(443.39)	76.16	-
<b>Provisions and contingencies</b>	<b>15,472.91</b>	<b>12,116.96</b>	<b>27.70</b>

During fiscal 2018, the Bank created higher amount of total provisions (excluding provisions for tax) of ₹15,472.91 crores compared to ₹12,116.96 crores last year. The Bank provided ₹16,598.71 crores towards non-performing assets compared to ₹11,157.06 crores last year and ₹144.30 crores were written back for standard assets including unhedged foreign currency exposure compared to ₹334.57 crores provided last year. During the year, there was a net write-back in provision against restructured assets/SDR/S4A of ₹307.16 crores mainly due to accounts turning NPAs. The credit costs for fiscal 2018 stood at 3.57%, 75 bps higher than that witnessed in fiscal 2017.

## Asset Quality Parameters

The asset quality stress during the year continued to remain largely dominated by legacy corporate loans to stressed sectors like iron and steel, infrastructure construction and power. The Bank added ₹33,419 crores as fresh addition to Gross NPAs during the fiscal year with the Bank's ratio of Gross NPAs to gross customer assets increasing to 6.77%, at the end of March 2018 from 5.04% as at end of March 2017. In February 2018, RBI issued revised guidelines on Resolution of Stressed Assets. Under the revised guidelines, all the extant instructions on resolution of stressed assets such as Framework for Revitalising Distressed Assets, Corporate



Debt Restructuring Scheme, Flexible Structuring of Existing Long Term Project Loans, SDR Scheme, Change in Ownership outside SDR and S4A Scheme were withdrawn with immediate effect. This has resulted in higher NPA slippages due to accounts under these schemes losing the 'stand still' benefit.

The Bank added ₹24,656 crores to Net NPAs after adjusting for recoveries and upgradations of ₹3,853 crores and ₹4,910 crores respectively and the Bank's Net NPA ratio (Net NPAs as percentage of net customer assets) increased to 3.40% from 2.11%.

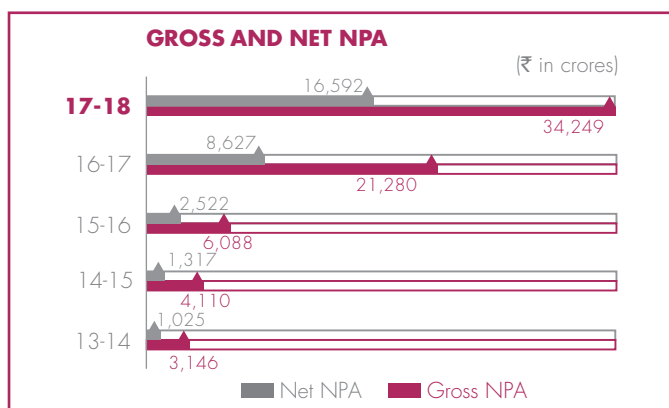
During the fiscal, the Bank started disclosing the quantum of low rated pool of stressed accounts in addition to the Watch List disclosures, to provide a better sense of the source of stress. The Bank added ₹27,345 crores of corporate slippages during the year, of which 84% came from lower rated BB and below pool.

The Watch List that the Bank had first published in end March 2016 declined by 98% over FY17 and FY18 and residual balance of the same stood at ₹428 crores as on 31 March, 2018. The residual Watch List has now been dissolved and continues to be a part of the BB and below pool of standard advances.

The Bank's provision coverage remained steady during the fiscal and stood at 65% after considering prudential write-offs.

The net restructured book stood at ₹1,087 crores and net restructured assets ratio (net restructured assets as percentage of net customer assets) was 0.22%. During the year slippages from the standard restructured book stood at ₹5,096 crores.

The book value of the assets sold by the Bank to ARCs during fiscal 2018 was ₹42 crores (net of provisions). The consideration (excluding accounts already written-off) was settled in cash of ₹67 crores.



## KEY RATIOS

Particulars	2017-18	2016-17
	▽	
Basic earnings per share (₹)	1.13	15.40
Diluted earnings per share (₹)	1.12	15.34
Book value per share (₹)	247.20	232.83
Return on equity (%)	0.53%	7.22%
Return on assets (%)	0.04%	0.65%
Net interest margin (%)	3.44%	3.67%
Profit per employee (₹ lakh)	0.47	6.68
Business per employee (₹ crores)	14.84	14.00
Credit/deposit ratio (Domestic)	85.50%	79.07%
Credit/deposit ratio (Global)	96.92%	90.03%

Basic Earnings Per Share (EPS) was ₹1.13 compared to ₹15.40 last year, while the Diluted Earnings Per Share was ₹1.12 compared to ₹15.34 last year. Return on Equity (RoE) and Return on Assets (RoA) stood at 0.53% and 0.04% respectively. Book Value per Share increased by 6.17% to ₹247.20 from ₹232.83 last year. Profit per Employee stood at ₹0.47 lakh and Business per Employee stood at ₹14.84 crores.

Credit Deposit (CD) ratio of the Bank as on 31 March, 2018 was at 96.92% with a domestic CD ratio of 85.50%. Considering Infrastructure Bonds, that are more cost effective and asset liability management friendly than deposits of same maturity, as a part of the Bank's deposits base, the domestic CD ratio stood at 82.98%.

## Balance Sheet parameters

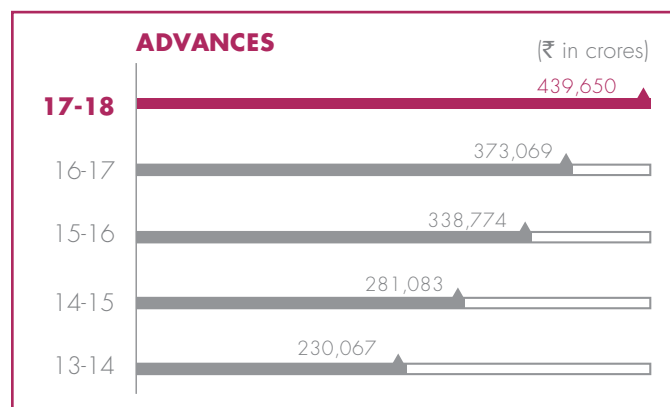
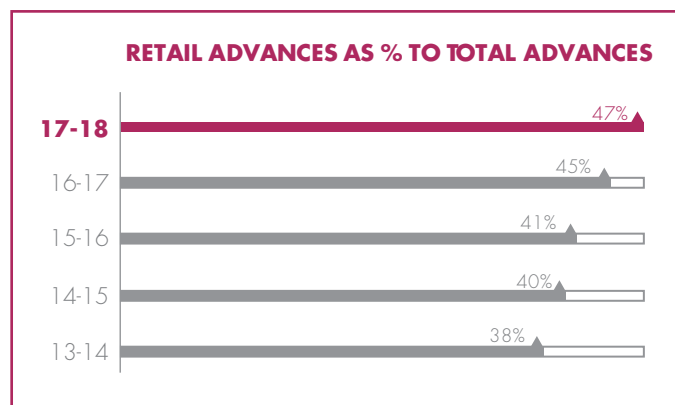
Particulars	(₹ in crores)		
	2017-18	2016-17	% change
	▽		
Cash and bank balances	35,481	50,256	(29.40)
Government securities	104,053	93,008	11.88
Other securities	49,823	35,786	39.22
<b>Total investments</b>	<b>153,876</b>	<b>128,794</b>	<b>19.47</b>
Retail advances	206,464	167,993	22.90
Corporate advances	174,446	155,904	11.89
SME advances	58,740	49,172	19.46
<b>Total advances</b>	<b>439,650</b>	<b>373,069</b>	<b>17.85</b>
Fixed assets	3,972	3,747	6.00
Other assets <sup>1</sup>	50,377	45,602	10.47
<b>Total assets</b>	<b>691,330</b>	<b>601,468</b>	<b>14.94</b>

<sup>1</sup> includes Priority Sector Lending deposits of ₹21,479 crores (previous year ₹17,107 crores)

Total assets increased by 15% to ₹691,330 crores as on 31 March, 2018 from ₹601,468 crores as on 31 March, 2017.

### Advances

Total advances of the Bank as on 31 March, 2018 increased by 18% to ₹439,650 crores from ₹373,069 crores as on 31 March 2017, largely driven by healthy growth in the Retail segment. Corporate advances comprised 40% of total loans and grew by



12% to ₹174,446 crores, Retail loans comprised 47% of total loans and increased by 23% to ₹206,464 crores, SME loans grew by 19% to ₹58,740 crores and constituted 13% of total loans.

The retail lending growth was led by auto loans, personal loans and credit cards. Mortgages continue to grow faster than the industry growth. Home loans remain the largest retail segment and accounted for 40% of retail loans, retail agricultural loans accounted for 15%, loans against property 8%, personal loans and credit cards together accounted for 14% and auto loans 10%, while non-schematic loans comprising loan against deposits and other loans accounted for 13%.

### Investments

The investment portfolio of the Bank increased by 19% to ₹153,876 crores, of which investments in Government and approved securities, held mainly for SLR requirement, increased by 12% to ₹104,053 crores. Other investments, including corporate debt securities, increased by 39% to ₹49,823 crores. 85% of the government securities has been classified in the HTM category, while 79% of the bonds and debentures portfolio has been classified in the AFS category.



## Liabilities and shareholder's funds

Particulars	(₹ in crores)		
	2017-18	2016-17	% change
	▽		
Capital	513	479	7.10
Reserves and Surplus	62,932	55,284	13.83
<b>Total shareholder's funds</b>	<b>63,445</b>	<b>55,763</b>	<b>13.78</b>
<b>Deposits</b>	<b>453,623</b>	<b>414,379</b>	<b>9.47</b>
- Current account deposits	95,650	87,002	9.94
- Savings bank deposits	148,202	126,048	17.58
- <b>CASA</b>	<b>243,852</b>	<b>213,050</b>	<b>14.46</b>
- Retail term deposits	137,795	123,925	11.19
- Non-retail term deposits	71,976	77,404	(7.01)
- <b>Total term deposits</b>	<b>209,771</b>	<b>201,329</b>	<b>4.19</b>
<b>Borrowings</b>	<b>148,016</b>	<b>105,031</b>	<b>40.93</b>
- In India	76,096	51,082	48.97
- Infra bonds	13,705	13,705	-
- Outside India	71,920	53,949	33.31
Other liabilities and provision	26,246	26,295	(0.19)
<b>Total liabilities and shareholder's funds</b>	<b>691,330</b>	<b>601,468</b>	<b>14.94</b>

### Deposits

The total deposits of the Bank increased by 9% to ₹453,623 crores against ₹414,379 crores last year. The high base effect of last fiscal year that saw huge deposit inflows post demonetization impacted the deposit growth in fiscal 2018. Savings Bank deposits reported a growth of 18% to ₹148,202 crores, while Current Account deposits reported an increase of 10% to ₹95,650 crores. During the fiscal 2018, the Bank reduced the interest rate on Savings Accounts by 50 bps to 3.50% for deposits up to ₹50 lakhs. As on 31 March, 2018, low-cost CASA deposits increased by 14% to ₹243,852 crores from ₹213,050 crores last year and constituted 53.76% of total deposits as compared to 51.41% last year. Savings Bank deposits on a daily average basis, increased by 16% to ₹119,578 crores, while Current Account deposits reported a growth of 23% to ₹60,154 crores. The percentage share of CASA in total deposits, on a daily average basis, was at 45.83% compared to 42.75% last year.

The Bank continued to maintain its focus on retail term deposits. As on 31 March, 2018, the retail term deposits grew 11% and stood at ₹137,795 crores, constituting 65.69% of the total term deposits compared to 61.55% last year. As on 31 March, 2018, CASA and retail term deposits constituted 84.13% of total deposits.

### Borrowings

The total borrowings of the Bank increased by 40.93% from ₹105,031 crores in fiscal 2017 to ₹148,016 crores in fiscal 2018. During the fiscal, the Bank issued senior fixed rate bonds aggregating to US \$ 500 million under its Global Medium Term Note (MTN) programme in the international markets. Domestically, the Bank raised ₹5,000 crores through Subordinated Debt and ₹3,500 crores through Additional Tier I bonds during the fiscal. The outstanding balance in long term infrastructure bonds as on 31 March, 2018 was ₹13,705 crores.

### Capital Management

The Bank continues its endeavour for greater capital efficiency and shoring up its capital adequacy to enhance shareholder value. In order to achieve this objective, the Bank has been focusing on increasing the proportion of lower risk weighted assets. With asset quality on mend and loan mix having largely diversified, the Bank's capital management framework attains further prominence for better utilisation of capital for an optimal mix of businesses.

During the year under review, the Bank raised capital in the form of equity and debt to support future growth. It raised Tier I capital in the form of equity through preferential allotment of equity shares to select investors. The Bank mobilised an aggregate of ₹8,653.79 crores (net of share issue expenses) through this offering, by issuing 165,328,892 equity shares collectively to Bain Capital, LIC of India and other marquee investors. The equity shares offered in the preferential allotment were priced at ₹525 per share. The Bank also issued 45,357,385 warrants convertible into equity shares to entities associated with Bain Capital and Capital Group at a price



of ₹565 per share. During the year, the Bank also raised capital of ₹8,500 crores through issuance of Tier I and Tier II bonds, of which Tier I was ₹3,500 crores and Tier II was ₹5,000 crores.

These measures have significantly strengthened the capital position of the Bank, particularly core Tier I capital, providing adequate support for future growth.

The Bank is well capitalised with an overall capital adequacy ratio (CAR) under Basel III being at 16.57% at the end of the year, well above the benchmark requirement of 9.00% stipulated by Reserve Bank of India (RBI). Of this, the Common Equity Tier I (CET I) CAR was 11.68% (against minimum regulatory requirement of 5.50%) and Tier I CAR was 13.04% (against minimum regulatory requirement of 7.00%). As on 31 March, 2018, the Bank's Tier II CAR under Basel III stood at 3.53%.

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

The following table sets forth the capital, risk-weighted assets and capital adequacy ratios computed as on 31 March, 2018 and 31 March, 2017 in accordance with the applicable RBI guidelines under Basel III.

Particulars	(₹ in crores)	
	2017-18 ▽	2016-17
Tier I capital	67,476.27	56,039.32
Tier II capital	18,298.59	14,565.85
Out of which		
- Tier II capital instruments	16,035.00	12,366.01
- Other eligible for Tier II capital	2,263.59	2,199.84
<b>Total capital qualifying for computation of capital adequacy ratio</b>	<b>85,774.86</b>	<b>70,605.17</b>
<b>Total risk-weighted assets and contingencies</b>	<b>517,630.78</b>	<b>472,313.18</b>
<b>Total capital adequacy ratio</b>	<b>16.57%</b>	<b>14.95%</b>
Out of above		
- Common equity tier I capital ratio	11.68%	11.13%
- Tier I capital ratio	13.04%	11.87%
- Tier II capital ratio	3.53%	3.08%

## BUSINESS OVERVIEW

An overview of the Bank's various business segments along with their performance during financial year 2017-18 and future strategies is presented below.

### Retail Banking

#### Retail Banking – Bedrock of the Bank's performance

Retail Bank continues to be the bedrock of Bank's financial performance. Strong execution, robust distribution and digital proliferation has helped the Bank gain strong market share and improve customer experience. During the financial year 2017-18, Retail contributed 63%, 47% and 48% of the Bank's deposits, advances and fee income respectively.

The Bank has over the years developed long-term relationship with its customers by being their preferred financial solutions provider across their needs. Customer centricity and innovation remain the core pillars through which the Bank has been fulfilling the financial needs and aspirations of its customers and the society at large.

In addition to acquiring new customers, the Retail Banking strategy has been to deepen relationships with existing internal customers, led by big data analytics for growth. The Bank has created a strong and contemporary digital backend to support its operations. Further, adopting design-thinking approach, process automation and partnership-driven innovation has enabled the Bank to harness the true potential that Retail Banking in India has to offer.

#### India – Immense Potential for Retail Banking

India continues to offer immense potential and opportunities for the Retail Banking franchise. The Bank sees exciting times ahead with four key themes shaping the future of retail banking in the next five years -



1. Low penetration numbers across key products - low housing loan penetration (2.5%), household debt at very low level (11%), low penetration of acceptance infrastructure for digital payments (165 Point Of Sales terminals per 100,000 adults)
2. Rapid technology adoption amongst all income and social strata due to falling cost of data and internet access
3. Democratization of data with India Stack and open application programming interfaces (APIs)
4. Concerted efforts to formalize the economy through tax reforms, introduction of Goods and Services Tax (GST), digitization of high volume low value transactions, Aadhaar seeding across financial & non-financial services and the drive for affordable housing

Leveraging these macro trends has helped the Bank create 'real progress, real impact' across customer segments and businesses resulting in higher market share specifically in digital payments space. The pace at which the Bank has gained market share in digital space compared to its traditional banking business is a testimony to the Bank's predilection for digital and customer.

#### Technology and Analytics – The Back Bone of growing Branch Network

Branches are not just places where the customers transact and conduct business but also are edifices of trust. The Bank believes that branches continue to play an integral role not only in deposit mobilisation from new to bank customers, but have also been core driver of the Bank's acquisition strategy across products. Savings Bank deposits grew by 18% while the Retail Term Deposits grew by 11% during the year. As on 31 March, 2018, the Bank had over 22.5 million savings account customers, registering a growth of 11%. The sourcing of retail loans through branches has seen significant improvement over the years and contributed 50% to overall sourcing in FY18 vis-à-vis 36% in FY13.

The Bank therefore sees greater merit in a calibrated growth of its branch network through combination of advanced analytics that help in identifying high potential locations and technology tools that increase staff productivity & smaller branch formats.

During the year the Bank added 399 domestic branches/banking outlets and 1 offshore banking unit at IFSC, GIFT City, Gandhinagar. The Bank's geographical reach now extends to 29 states and 6 union territories, covering 2,163 centers and 653 districts. As on 31 March, 2018, the Bank had a network of 3,703 domestic branches/banking outlets as compared to 3,304 last year. Around 17% of the Bank's branches are in rural areas and 78% of the Bank's rural branches are in unbanked locations. As on 31 March, 2018, the Bank had 13,814 ATMs. The Bank was the first private sector Bank to introduce recyclers, which can accept and dispense cash. As on 31 March, 2018, the Bank had deployed 2,263 recyclers. The recycler handles 40% of the overall cash deposits at the Bank, leading to efficient use of Bank Staff.

The Bank has also successfully scaled up the 'Saksham' initiative, aimed at improving the customer experience by providing a single screen for instant fulfilment of various service requests. Saksham currently processes over 55 million transactions and service requests annually

Speed Banking kiosks are a flagship initiative. Walk in customers can do financial and non-financial transactions on these kiosks. The Bank has added 302 speed banking kiosks in fiscal 2017-18 and intends to keep increasing the digital footprint further.

The Bank has deployed about 20,000 biometric readers across its network to leverage eKYC (electronic know your customer) for account opening and other Aadhaar-based services thereby creating seamless authentication experience for customers even at branches. 75% of the Bank's key service requests at branches are being serviced through the instant gratification mode.

#### Retail Advances – The Growth Engine

The Retail Advances portfolio has grown at a CAGR of 26% over the last five years and stood at ₹206,465 crores as on 31 March, 2018 up 23% from ₹167,993 crores last year. The Bank continued to increase its share of retail loans to total advances, which stood at 47% compared to 33% in March 2013. The Bank has been able to grow retail advances faster than Industry by focusing on two key areas:

- Deepening within existing branches coupled with expansion in new geographies, where the Bank already had seasoned branches.
- Increased use of analytics that helped not just in identifying the right target segments but also helped in keeping risks under control.

Overall, about 50% of incremental retail loans were sourced through branches in fiscal 2018. Existing deposit customers contributed about 72% of the incremental retail loans, which in turn has helped the credit quality of retail loans to remain steady. The Bank has

steadily diversified its retail loan portfolio into a broad based portfolio spanning rural loans, personal loans, small business banking loans, vehicle loans and credit cards etc. which had been dominated by home loans in the past. Secured loan products accounted for 84% of retail loans. Of the total portfolio, home loans accounted for 40%, rural loans accounted for 15%, auto loans 10% and loans against property 8%. The Bank has been comfortable taking on granular risk and the unsecured retail loans stood at 16% of the total portfolio, with personal loans and credit cards accounting for 10% and 4%, respectively.

Small Business Banking (SBB) has emerged as one of the growth engines in retail lending space with a targeted focus on small borrowers. SBB book grew by 81%, which can be attributed to the continuous iteration across sales processes, score-based decision making and strong engagement at the branch level.

#### **Building scale and leadership in traditional and newer models of Digital Payments**

As the economy continues to go digital, there has been a significant behavioral change in retail payments – from large value-low volume transactions using credentials that are managed by the Bank to small ticket size-high volume transactions using public credentials. This shift has presented the opportunity to broad base payments. The new age digital payments are outgrowing cash, but the opportunity remains large and compounding effect will show over time.

Digital Payments continues to be at the core to the Retail Banking strategy. UPI is at the forefront of this digital ecosystem as the Bank is leveraging UPI to attract non-Axis Bank customers. The Bank was among the early entrants to work closely with NPCI for UPI launch. The Bank has built strong technology platform and developer friendly API's that allow partners, startups to plug & play Axis UPI on their mobile applications. The Bank has used this head start to its advantage by making this platform available to multiple partners like Google Tez, Uber, Samsung Pay, LIC, IRCTC, Big Bazaar. Today the Bank has a share of 15% in UPI transactions, with over 11.5 million UPI IDs onboarded and 64% of them being non-Axis Bank customers.

The Bank's traditional cards business continues to grow and deepen the franchise. The Bank is one of the largest debit card issuers in the country, with a base of 22.34 million and going forward ~50% of cards issuance are going to be enabled for contactless payments. The Bank had over 4.48 million credit cards in force as on 31 March, 2018, making it the 4<sup>th</sup> largest credit card issuer in the country. The credit cards portfolio saw a substantial increase in spends by 54% to ₹44,328 crores from ₹28,740 crores last year.

The Bank's merchant acquiring business continues to be one of the largest acquirers in the country with over 502,226 base of installed terminals of which 225,819 terminals are enabled for accepting contactless payments. The Bank is also using digital technologies like Bharat QR to drive high volume-low value payments acceptance use cases.

#### **Rapid Adoption of Mobile and Internet Banking Channels**

The Bank takes a holistic view of digital that transcends beyond mobile applications and customer interfaces. Taking cognizance of the fact that with the onset of fintech startups and global technology giants, customers are now comparing buying journeys across product categories; the Bank has extensively adopted a Design thinking approach with greater use of customer usability panels to test design and flows of various digital journeys. The bank has seen immediate results of this approach.

During the year, an improved and redesigned version of Axis Mobile App was launched with several new and useful features for the customers like a dedicated loan centre, credit card spend analyzer, notifications and a newer dashboard. The focus was on increasing discoverability of various products and services within the app. The version was well received and has helped the Bank to significantly improve Google play store ratings for its App.

In November 2017, the Bank launched its first online eKYC based account Axis ASAP. Axis ASAP offers customers the opportunity to open bank accounts instantly in minutes without any paperwork. The Bank has seen a strong consumer response with the number of accounts opened already crossing the 2.5 lac mark.

The Bank launched Axis Aha! Chatbot on the website in December 2017. Axis Aha! is a conversational assistant powered by artificial intelligence and uses machine learning to assist customers with banking services. The Bank has been among the first in the industry to enable financials transactions via simple chats; Just type Pay ₹200 to Sam and Axis Aha! does the rest. Axis Aha! lets users send money, pay mobile bills, do recharges or block cards. It also answers user questions on FAQ's, loans and general help. Since inception, it has processed over 3.5 lac conversations, answered over 1.3 lac FAQs and transacted over ₹12.5 lacs.

The mobile banking user base witnessed a 72% increase in fiscal 2018 and the Bank was ranked number 1 by mobile banking transactions value in August and October 2017 as per data published by RBI. Axis Internet Banking too has witnessed strong adoption and has been awarded with prestigious Best Retail Online Banking Experience, India award at The Asset Triple A Digital Awards 2017, Hong Kong.

#### **Digital as a strong lever for enhancing service levels and productivity**

The Bank is making greater use of technology to further reduce account opening times. The entire sales force is equipped with tablets that helps them on-board savings accounts, current accounts and credit card customers in a paperless process. Tablet based account



opening now forms the back bone of customers on-boarding journey.

Robotic Process Automation (RPA) and Artificial Intelligence (AI) were extensively adopted with the objective of improving turnaround time and efficiency. Through an extensive process redesign exercise, 90 key processes were identified for re-architecting using RPA and AI. By process Re-Engineering and digitisation, the Bank has been able to reduce the turnaround time on savings and current account opening by about 90%; and on various other processes by 50%-80%. In addition to improving efficiency, there was significant impact on customer satisfaction and risk containment as well.

#### Enabling Wealth Creation through Niche Offerings

During the year, Burgundy – the Bank's unique offering for its affluent customers further consolidated its portfolio. The AUM of Burgundy customers with the Bank, across banking and wealth management products, crossed the ₹1 lakh crore milestone to end the year at ₹123,298 crores (~[US\$ 18.92 billion]). Savings account balances have been growing at a CAGR of 23% over the last 4 years while fee from wealth management services has been growing at a CAGR of over 55% over the last 4 years - demonstrating a healthy mix and sustainable growth for the business. Burgundy customers represent a unique blend of traditionally wealthy along with affluent millennials. On an average, each Burgundy family has availed 4.56 unique products from the Bank.

A strong and growing 30 million Indian diaspora (NRIs and PIOs) across the world look for a trusted banking partner in India; through a focused approach, the Bank has been strengthening its proposition to better serve these customers. The Bank offers a complete suite of banking and investment products under its NRI Services for Indians living and working overseas. NRIs can open an account, operate it and also invest in deposits, secondary market or mutual funds, all through the comfort of their home or office overseas by way of strong digital offerings. The Bank also offers a range of premium services to NRI customers under the NRI Burgundy and NRI Priority program.

The Bank launched two key customer centric initiatives in this space this year. The first was Dedicated Inward Remittance rates for NRI customers on wire transfers, making it absolutely transparent and simple for customers. The Bank also launched new digital remittance platform, remitmoney.com, to bring convenience in every remittance transaction to its customers. Going a step ahead and assisting NRIs beyond just financials, the Bank also tied up with Indian Health Organization (IHO) for discounted health services for the NRI Family Banking customers.

Axis Bank today is one of the leading distributors of mutual funds in India and distributes products of 13 major asset management companies. These investment products are mainly offered by the Bank's branch network and digital channels based on a thorough analysis of the customers' lifecycle and lifestyle requirements. The Bank has over 1 million mutual fund customers and generates a fee income of around 11% of the total Retail Banking fees. The Bank also offers online trading services to its customers in collaboration with Axis Securities Ltd. (a 100% subsidiary of the Bank) under the name Axis Direct. Axis Direct crossed 1.8 million total customers during the year.

Insurance penetration in India is almost half of the global average, product suitability and fitment is the key and the Bank has taken several measures to ensure customers get the product best suited for their needs. With Max Life Insurance, the Bank has now secured over 1 million lives since inception of the partnership. Partnership with Life Insurance Corporation of India has given the desired choice to prospective customers and Bank has insured 19,000 customers through LIC of India in its very 1<sup>st</sup> year of the relationship making the Bank one of the leading bancassurance partners for LIC. In General insurance, the Bank has a tie-up with Tata AIG General Insurance Company Ltd. (American International Group) and for health insurance with Apollo Munich Health Insurance Company Ltd. The Bank remains committed to bring the best of insurance products that best suit the needs of its customers and is constantly looking at more and better avenues.

#### Using Technology to bring the under-served into the mainstream

Financial Inclusion is an integral component of the Bank's rural strategy to further extend reach in the rural market. During financial year 2017-18, the Bank has covered 0.22 million rural people in 15,240 Financial Literacy Camps under 'Pragatishala'. The Bank launched project DigiPrayas across villages which has impacted 80,000 lives through opening of 4,500 basic savings accounts, appointing 50 Business Correspondents, seeding of 4,100 accounts with Aadhaar. Under PMJDY, Bank has opened over 0.77 million accounts of which 89% customers have been issued Rupay Cards with a total balance of ₹225 crores. Overall, the Bank has issued 0.85 million Pradhan Mantri Suraksha Bima Yojana (PMSBY) and 0.22 million Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) policies of which, the Bank has registered 599 claims under both insurance scheme. Further, the Bank has actively promoted Atal Pension Yojana (APY) wherein the Bank is ranked first amongst all private sector banks in sourcing of APY. Overall, 0.23 million customers have been enrolled under APY.

The Bank's home loan product Asha Home Loans for aspiring first time home owners belonging to the low-income group (LIG) and economically weaker segments (EWS) has seen 40% increase in book size from ₹3,131 crores as on 31 March, 2017 to ₹4,371 crores as on 31 March, 2018.



## Corporate Banking

During the financial year 2017-18, the credit off take by the corporate segment was marginally better compared to previous fiscal even as the asset quality issues continued to weigh on the sector. The credit growth continued to improve through the year aided by the fading base effect of demonetisation. The tightening liquidity conditions resulted in sharp rise in bond yields towards the second half of the fiscal which helped in shifting the credit demand back from bond markets to banks.

While the basic industries like steel and construction saw pickup in loan growth, credit off take to the core industrial segments like power, metals, roads and energy remained weak due to low capex and leveraged corporate balance sheets. The Government and Regulator's efforts to alleviate and resolve the asset quality issues through implementation of Insolvency and Bankruptcy Code have been progressing well and the resolution for some of the large stressed accounts is expected in the near term. The regulator's recent guidelines on resolution of stressed assets are further likely to expedite the recognition and resolution mechanism. The ongoing NCLT resolution mechanism under IBC is likely to result in stressed assets going into the hands of stronger sponsors and this will result in consolidation of banking relationships and refinancing opportunity for the larger banks.

In the corporate segment, the Bank's strategic focus in recent years has been towards building a higher rated lending book, increase the share of working capital loans and reducing the concentration risk. During the fiscal 2018, the Bank's corporate loan growth picked up to 12% as compared to flat growth in fiscal 2017 with working capital loans growing by 63% YOY.

The Bank continues to focus on lending to higher rated corporates with operational cash flows. Approximately 86% of new sanctions in the corporate book were to companies rated 'A' and above. Presently, 77% of outstanding standard corporate loans are to companies rated 'A' and above. At the same time, we have been focussing on increasing the share of working capital facilities in the overall business composition tapping the pool of better rated corporates. The share of working capital exposures to overall corporate loan book has increased from 22% in 2017 to 32% in 2018.

The Bank's strategy of portfolio diversification through sectoral approach to credit continued where the focus was on identifying sector-specific opportunities and risks. The concentration risk continues to see a steady decline in the last few years with exposure to top 20 single borrowers as percentage of Tier-1 capital at 121% as on end March 2018, as compared to 283% at the end of fiscal 2010.

The corporate client relationship model introduced a few years ago continued to prove beneficial for the bank. The Bank along with its subsidiaries addresses most of financial services requirements of a corporate be it borrowing, trade finance, cash management, remittances, investment banking, security services etc. The holistic approach has moved the Bank away from just sales based approach of offering corporate credit to providing an entire bouquet of products and services.

The Bank continues to focus on the government business and widened its footprint in PSUs during the year. The Bank also increased its focus on tapping credit opportunities in the new Digital Age businesses through a sub-vertical New Economy Group (NEG). Further, Bank has identified the Food processing and Agro processing industries as sunrise sectors. The credit opportunities in these industries are also tapped by NEG. The loan book of NEG business has grown strongly by 584% in fiscal 2018.

## International Banking

The International Banking strategy of the Bank continues to revolve around leveraging its relationships with corporates in India and non-resident Indians, by providing banking solutions at overseas centres. The Bank, through its international operations, leverages 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 strategic international presence in seven countries through its branches in Singapore, Hong Kong, DIFC – Dubai, Colombo and Shanghai, representative offices at Dubai, Abu Dhabi, Sharjah and Dhaka; an off-shore banking unit in International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar and a wholly-owned overseas banking subsidiary in the United Kingdom. During the year, the Bank witnessed opening of its sixth branch, an offshore banking unit at IFSC, GIFT City, Gandhinagar. GIFT City Branch will make its contribution towards government's initiatives of growth of IFSC in India besides consolidating its corporate banking business there. The bank also opened its fourth Representative Office at Sharjah, UAE in March 2018. The Representative Office will promote the retail business emanating from the affluent and mass affluent segment of NRIs in UAE, as is being done by existing Representative Offices. The Bank continues to offer corporate banking, trade finance, treasury and risk management solutions through the branches at Singapore, Hong Kong, DIFC, Shanghai, Colombo and GIFT City and retail liability products from its branches at Hong Kong and Colombo. The Bank's Gulf Co-operation Council (GCC) initiatives in the form of representative offices in UAE 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. The representative office at Dhaka promotes trade finance business arising between Bangladesh and India & other Asian financial markets where Bank has a presence.

During the year under review, emphasis continued towards trade finance business and value added services. As on 31<sup>st</sup> March, 2018, the total assets at overseas branches stood at USD 9.36 billion as compared to USD 8.37 billion last year. Axis Bank UK Limited (ABUK), the Bank's overseas banking subsidiary, completed its fifth year of operations during the year under review. The total assets of ABUK stood at USD 1,040 million as on 31 March, 2018, as against USD 823 million as on 31 March, 2017.



## Treasury

The Bank's Treasury function comprises Asset Liability Management (ALM), Proprietary trading business in Interest rates & Equity, Foreign Exchange & Derivatives and Arrangership business.

The ALM group manages the regulatory requirements of Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR). The group also manages the liquidity, interest rate and currency risks in the Bank's portfolio, under the guidance of the Asset Liability Committee (ALCO) of the Bank. ALM group is responsible for overall liquidity management of the domestic book and longer term liquidity management of the overseas branches across geographies.

The proprietary trading group in Government securities within Treasury plays an important role of market making, participating in primary auctions of RBI etc. The Bank also holds one of the largest Corporate bond investment portfolio with 95% of them have rating of atleast 'A' and runs limited trading book in Equity, Commercial papers and Certificate of deposits.

Forex Trading Group is a major participant in the Foreign Exchange & Derivatives market. The group provides risk management and hedging solutions to a wide range of corporate customers and financial institutions. The Bank was awarded the First Rank by Euromoney in their FX Survey 2016 in eight categories amongst Asian Corporate Respondents and in eleven categories amongst Indian Corporate Respondents.

The Bank continues to remain a dominant player in the Debt Capital Market (DCM) Segment. During the year, the Bank arranged ₹184,104 crores of bonds and debentures for various PSUs and corporates. The Bank has been ranked number one in the Bloomberg Official League Table for domestic bonds in India for the 11<sup>th</sup> consecutive year for calendar year 2017. Bank has also been ranked number one arranger as per Prime Database for the nine months ended December 2017.

In International Debt Capital Markets business, the Bank has been a leader in this segment covering USD/EUR bonds, Masala bonds, Green bonds etc. The Bank was the Lead Manager in the very first Masala Bond issue and the first Green Masala Bond issued by domestic companies.

During the year, the Bank was awarded Best DCM House in India by Finance Asia and Best Bond Adviser – Domestic India-2017 at The Asset Triple A Country Awards. The Bank was also ranked among the Top banks in the secondary market in Asia currency bonds (India)-Corporate Bonds by The Asset Benchmark Research.

## Transaction Banking

Transaction Banking unit focuses on the flow businesses, i.e. current accounts, collection & payments solutions, trade services, forex remittances and capital market solutions. It caters to corporates, SMEs, financial institutions, Government segment and also to retail customers for their forex requirements such as forex cards and wire transfers.

The key financial deliverables of the business are current account float balances and fee income. Current account balances grew from ₹87,002 crores as on 31 March, 2017 to ₹95,650 crores as on 31 March, 2018, a year on year growth of 10%. Daily average balances in current accounts grew 23%, from ₹48,800 crores in fiscal 2017 to ₹60,154 crores in fiscal 2018. The business generated a fee income of ₹2,396 crores in fiscal 2018, a growth of 18% year on year.

The key themes that the business has been focusing on are deepening share of wallet for existing clients, offering digital solutions to customers and enhancing customer service. The relationship managers and branches are continuously equipped with analytical tools and learning interventions to help cross-sell the large suite of transaction banking products to customers.

### Current Accounts

The Bank has over 1.9 million current accounts served through a range of customised, sector specific offerings. The Bank has made significant investments and enhancements in its online banking platforms for driving digital adoption and channel migration. Further, the Bank continues to focus on deepening the current account relationships by cross-selling other products such as tax payments, cash management solutions, loans, forex and trade products.

### Cash Management Solutions

The Bank provides comprehensive and customizable cash management solutions that enable faster fund movement by leveraging the Bank's extensive physical network backed by state-of-the-art technological systems. To provide a seamless experience to its customers, the Bank has integrated all its digital products onto its new Corporate Internet Banking platform. The Bank also provides digital bulk payment solutions that include front-end file-upload for various payments and ERP integration for high-transacting corporates. The enhanced collections product suite includes new features like National Automated Clearing House (NACH) Debit, Unified Payments Interface (UPI), Aadhaar E-sign mandate and innovative easy-to-use Point of Sale machines, increasing the breadth of options available to customers.

### Government Business

The Bank has been authorised by Reserve Bank of India and Government of India (GOI) to handle all Government Banking transactions which includes the following:

- Collection of Direct taxes
- Collection of GST in all branches in online as well as offline mode
- Disbursement of Central Civil as well as Defence Pensions
- Accredited by Reserve Bank of India as one of the authorized banker for Ministry Of Urban Development, Ministry of Housing and Poverty Alleviation, Controller General of Accounts and Institute of Government accounts and finance

The Bank is a participating entity in the Government's Public Financial Management System (PFMS). PFMS monitors different social sector programmes in India and tracks the disbursement of funds in relation to such programmes, using an online management information system and decision support system. The Bank also is associated with the e-Governance initiatives of five states and union territories, namely Andhra Pradesh (e-Seva), Karnataka (Bangalore One and Karnataka One), Chandigarh UT (Sampark), Chhattisgarh (Chhattisgarh Online information system for Citizen Empowerment), Uttar Pradesh (e-Suvidha) aimed at providing better services to the citizens. Further, the Bank is also involved in various digital initiatives of GOI which includes e-Procurement, e-mandi, e-nagarpalika, direct benefit transfers, smart city, online payment gateways and cashless initiatives through various modes.

### Trade, Forex and risk management Services

The Bank offers a complete suite of Trade finance and foreign exchange business solutions through Forex B category branches spread across the country. The Bank also offers a variety of hedging solutions such as exchange and interest rate derivative structures, including forwards, options and swaps in accordance with the regulatory guidelines and derivative policy of the Bank. Overall, client risk management service continues to be a strong business franchise for the Bank with total annual turnover expected to reach close to ₹4 lac crores in this financial year. In addition to the services offered through branch and subsidiary network spread across India, the Bank also leverages its tie-ups with reputed correspondent banks across the world to offer these services to overseas customers.

The Bank is one of the few private sector banks on-boarded as advisory bank in Government e-Marketplace (GeM). This tie-up enables the Bank to offer automated solution for advising electronic performance guarantees (e-PBG) to Govt. departments/organisations/PSUs with value added features like integrated responses and faster turnaround time.

### International Retail

The Bank offers a range of forex and remittances products to its retail customers, which include forex cards, inward and outward wire transfers, traveller's cheques and foreign currency notes, remittance facilities through online portal as well as through collaboration with correspondent banks and exchange houses. The Bank offers remittances facility to NRI customers through the Bank's Sri Lanka Branch and Axis Bank UK Ltd., for remittances to India. Additionally, the Bank offers remittances from Gulf Co-operation Council (GCC) region to Sri Lanka through tie-up with four exchange houses.

The Bank continues to have a market leadership position in forex cards with 16 currency options other than INR being offered. Additionally, the Bank offers Miles & More Multi-Currency Forex Card in association with Lufthansa airline aimed at frequent flyers, an industry first in this segment. In line with the continuing focus on enabling digital channels for its customers, the Bank has enabled Axis Mobile app for the standalone forex card holders. The aggregate load value on forex cards crossed USD 9 billion during the year.

The volumes of retail remittances also rose by 8% during the year and the Bank processed outward remittances of USD 4 billion and inward remittances of USD 9.3 billion.

### Custodial and Capital Market Services

The major activities undertaken by the Capital Market Division are fund based and non-fund based credit facilities, clearing bank activities, Professional Clearing Member Services (PCM), NSCCL custodian services, fund accounting services, IPOs, dividend distribution & escrow services.

The Bank acts as a clearing bank and professional clearing member across exchanges in India providing clearing member services and funds clearing solutions to exchange members. The Bank is also a SEBI registered custodian of securities servicing various segment of clients viz. Foreign Portfolio Investments, Foreign Direct Investments, Portfolio Management Service Providers and Foreign Venture Capital Investors etc. Assets under custody services are over ₹58,224 crores.

### Lending to Small and Medium Enterprises

Small and Medium Enterprises (SME) play a crucial role in shaping the economic growth and development of the nation. The sector



has also been regarded for fostering entrepreneurship, employment generation and innovation. The government has in the recent years provided major impetus through various programs and schemes to strengthen the SME sector. During the year, while the implementation of GST led to formalisation of businesses for SMEs after initial disruptions during the transition phase, the subsequent measures like rationalisation of GST rates and change in the criteria for classification of MSMEs are likely to aid the SME growth.

The Bank, by virtue of its understanding and expertise in SME business, is committed to provide timely, adequate and hassle free credit to the SMEs across sectors. The Bank, through its 66 dedicated SME Centres and more than 3,500 Branches, is able to offer best-in class lending and other banking services to customers. The Bank's SME Business comprises of three business verticals namely Medium Enterprises Group (MEG), Small Enterprises Group (SEG) and Supply Chain Finance (SCF).

The Bank has a wide range of regular and customised products designed for SME customers across manufacturing, trade and services sectors including Working Capital, Term Loan, Trade Finance, Project Finance and Bill / Invoice Discounting etc. The SME Business in the Bank continues to focus towards lending to the Priority sector (PSL) and is a significant contributor to the Bank's overall PSL portfolio.

During the fiscal, the Bank's SME advances grew at 19% to ₹58,740 crores from ₹49,172 crores last year. The SME portfolio of the Bank constituted 13% of the Bank's total advances as on 31 March, 2018.

With a commitment to support the SME growth, the Bank has taken its Evolve series - an educational initiative for SMEs - to a new level. The 4<sup>th</sup> edition of Evolve was organised around the concept of How Family Business may be transformed into successful business in 30 cities where more than 3,000 SMEs participated. Similar to last three events, the fourth edition of Evolve series was much appreciated by all the participants and has become a signature initiative in building the SME capacity. These initiatives were aligned to relevant government initiatives/national priority programs such as 'Make in India', 'Skill India' and 'Digital India'.

Despite the challenging environment, the asset quality in SME segment has remained relatively stable and the focus remains on building a quality portfolio by acquiring better rated SME customers. Advanced business analytics is being used to identify potential borrower across various sectors. The Bank also uses the Early Warning Signals tool which helps the Bank to identify unfavourable sectoral trends early in the cycle and take corrective action if necessary. We continue to source good rated Customers and maintain quality of portfolio.

### **Business Intelligence Unit**

Artificial Intelligence and machine learning are changing lives globally at rapid pace. Businesses are adopting AI and machine learning across industries to revolutionize customer experience, personalization and decision making.

The Business Intelligence Unit along with Thought Factory (Axis Innovation Lab), is setting up an AICoE (Artificial Intelligence Centre of Excellence) to build and enhance customer facing solutions such as creation of personalized product recommendations, improved customer targeting by smart micro-segments through identification of latent behavior patterns, identification of customer base for pre-approved loans and planning of branches and ATM locations. This Centre will also help identifying fraudulent card transactions, identifying point of compromise at ATMs in case of skimming and to prioritize investigation on complex money laundering transactions.

This year, the Bank is going live with its Big Data Lake project for implementing scalable analytical solutions to bring personalized banking services for its customers in real time. As a first for Micro Finance Industry, the Bank has built an integrated Tab sourcing and Big Data platform to understand borrower's behavior for better credit decision making and underwriting. At Axis Bank we are investing significantly in tools and technology infrastructure for understanding unstructured data (like email text, voice data from call center, video data from CCTV cameras etc.) to build customer centric solutions on top of it.

### **Risk Management**

The risk management objective of the Bank is to balance the trade-off between risk and return and ensure that the Bank operates within the Board approved risk appetite statement. An independent risk management function ensures that 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. 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 continues 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 Governance Committee (SGC), Reputation Risk Management Committee (RRMC), Information Security Committee (ISSC), Central Outsourcing Committee (COC) and Business Continuity Planning Management Committee (BCPMC) 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 maintaining asset quality and concentrations at individual exposures as well as at the portfolio level.

Internal rating forms the core of the risk management process for wholesale business with internal ratings determining the acceptability of risk, maximum exposure ceiling, sanctioning authority, pricing decisions, review frequency. For the retail portfolio including small businesses and small agriculture borrowers, the Bank uses different product-specific scorecards. Large, risky or complex exposures require to be independently vetted by the risk department for each incremental transaction whereas small, templated exposures are extended within the approved product policies. 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.

Credit models used for risk estimation are assessed for its discriminatory power, calibration accuracy and stability independently by a validation committee.

During the year the Bank has brought greater alignment in bank level appetite and the operational limits. The key risk metrics are monitored regularly and deviations are discussed with business to decide on the course of remedial action. The governance around deviation from internal limits has also been considerably strengthened. Asset quality target on incremental corporate loan business have been considerably tightened over the past few years. While parts of corporate portfolio remain under stress, key asset quality metrics have all moderated during the year. Concentration limits have also been tightened over the past few years.

### 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 market risk limits and comparable benchmarks which provides guidance to the business in optimizing the risk-adjusted rate of return of the Bank's trading and investment portfolio.

Market risk management is guided by well laid down 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, trigger limits, gaps and sensitivities (duration, PVBP, option greeks) are used as non-statistical measures of market risk management.

Historical data calculated at a 99% confidence level for a one-day holding period over a simulation and its variants are used to compute VaR for the trading portfolio 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 analyses as per a well laid out stress testing framework.

### Liquidity Risk

Liquidity is a bank's capacity to fund increase in assets and meet both expected and unexpected cash and collateral obligations at reasonable cost and without incurring unacceptable losses. Liquidity risk is the inability of a bank to meet such obligations as they become due, without adversely affecting the bank's financial condition. The Asset Liability Management Policy of the Bank stipulates a broad framework for liquidity risk management to ensure that the Bank is in a position to meet its liquidity obligations as well as to withstand a period of liquidity stress from bank-level factors, market-wide factors or a combination of both.

The liquidity profile of the Bank is monitored 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 conduct of liquidity stress tests periodically. 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 integrated into the asset liability management framework 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). The Bank maintains the regulatory mandated LCR as per the transitional arrangement laid down by RBI and also ensures 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.

All new products and processes, as well as changes in existing products and processes are subjected to risk evaluation by the Operational Risk team. The overall responsibility of new products is vested with the Bank's Product Management Committee and Change Management Committee. Outsourcing arrangements are examined and approved by the Bank's Outsourcing Committee after due recommendations from the Operational Risk team. 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 across all business lines. Over the year, the Bank has focused on strengthening the operational and information security risk frameworks by implementing several initiatives.

The Business Continuity Planning Management Committee (BCPMC) exercises oversight on the implementation of the approved Business Continuity Plan (BCP) framework which has been put in place to ensure continuity of service to its large customer base. 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.

### **Subsidiary Governance**

The Bank currently has eleven subsidiaries. The oversight of Subsidiaries is an essential element for the implementation of robust corporate governance across group entities and is an integral feature of a well-managed business, capable of creating value through enhanced reputation and investor confidence. Towards this objective, the Bank has implemented an integrated framework to align governance practices at Axis Group level which is overseen by the Board and Board level committees. The governance framework comprises risk, compliance, audit and finance frameworks and encompasses a set of policies including inter alia, Policy for Oversight of Subsidiaries, Arm's Length Policy, Subsidiary Risk Management Policy etc. for operationalization of the governance framework.

### **Information Technology and Cyber Security**

The Bank has undertaken various technology enabled business initiatives to realize the vision of customer centricity and to respond to customer demand in real time by knowing its customers and their behaviour and to offer a single view across all the bank's products and services.

Reliable business processes and improved customer service continued to be the key business capabilities that IT delivered for the Bank. With new customers entering formal banking system and the volume of transactions increasing rapidly, the need for robust and dependable technology has increased significantly. The Bank's IT infrastructure was augmented to build capabilities. The Bank upgraded its core systems, moved to next versions of applications and adopted modern technology stack for better scalability.

The Bank has adopted a holistic cyber security program with a comprehensive Cyber Security Policy (CSP) and standards based on industry best practices with compliance to regulatory guidelines. The Bank has created its cyber security design and framework based on National Institute of Standards and Technology (NIST) standard. The Bank's cyber security framework is built around five fundamental areas including Identify, Protect, Detect, Respond and Recover. The Bank has a 24 X 7 Security Operations Centre and Cyber Security Operations System.

Digital-first application architectures were created that takes advantage of the new capabilities of business analytics. Using data collected in a mobile world and providing real-time analytics, the Bank was able to build objective measures by which it was able to respond to the unpredictability of the changing consumer behaviour.

The Bank also took significant steps in the area of Robotics Process Automation (RPA) and Blockchain technology this year. The Bank

has implemented Straight through processing (STP) and automation through advanced techniques of RPA and Machine Learning to reduce human intervention and errors and deliver improved throughput. Blockchain has emerged as a potentially disruptive force capable of transforming financial services industry by making transactions faster, cheaper, more secure and transparent. The Bank implemented Blockchain Inter Ledger protocol technology solution to build a faster and more efficient cross-border remittance network.

### **Compliance**

The Compliance function is one of the key elements in Bank's corporate governance structure. It ensures strict observance of all statutory provisions in various legislations such as Banking Regulation Act, Foreign Exchange Management Act, Prevention of Money Laundering Act, Reserve Bank of India Act, etc. as well as other regulatory guidelines issued from time to time, standards and codes prescribed by BCSBI, FEDAI, FIMMDA, etc. and also the Bank's internal policies and fair practice code. The Compliance function assists the Board and Top Management in managing the compliance risk that is the risk of legal or regulatory sanctions, financial loss or reputational loss that the Bank may suffer as a result of its failure to comply with the applicable laws, regulations or code of conduct applicable to banking activities.

The Bank is committed to adhere to the highest standards of compliance vis-à-vis regulatory prescriptions and internal guidelines. The Bank has a robust Compliance Policy, outlining compliance philosophy of the bank and roles and responsibilities of the Compliance Department. The Compliance function plays a crucial role in ensuring that the overall business of the Bank is conducted in accordance with regulatory prescriptions. The Compliance function aims to improve compliance culture within the Bank through various enablers like dissemination of regulatory changes, 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. The Audit Committee of the Board reviews the performance of the Compliance Department and the status of compliance with regulatory guidelines on a periodic basis.

As the focal point of contact with RBI and other regulatory entities, the Compliance Department periodically appraises 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. The Bank has put in place an Enterprise-wide Governance Risk and Compliance Framework, an online tool, which is pivotal in addressing operational, compliance and financial reporting risk, bringing efficiency in processes and improvement in compliance levels besides facilitating annual assessment of these risks. 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 view to its Board of Directors and Senior Management on the quality and efficacy of the internal controls, risk management systems, governance systems and processes in place on an on-going basis. This is provided to primarily ensure that the business and support functions are in compliance 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 internal audit policy. The Risk Based Internal Audit has been designed after factoring regulatory guidelines and also international best practices. The policy has a well-defined architecture for conducting Risk Based Internal Audit across all audit entities. The audit policy articulates the audit strategy in terms of a concerted focus on strategic and emerging business risks. These inputs form a key step in the identification of the audit universe 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 Risk Based Internal Audit. The scope of Risk Based Internal Audit includes examining the adequacy and effectiveness of internal control systems, external compliances and also evaluating the risk residing at the audit entities. Further to augment the internal audit function, concurrent audit, thematic audit and integrated audit reviews have been integrated into the internal audit process in order to make the function more robust.

The Internal Audit functions independently under the supervision of Audit Committee of the Board, thereby ensuring its independence. The Board reviews the efficacy of the internal audit function, effectiveness of the internal controls laid down by the Bank and compliance with internal as also regulatory guidelines.

### **Corporate Social Responsibility (CSR)**

The primary purpose of Axis Bank's CSR philosophy is to make a meaningful and measurable impact on the lives of economically, physically and socially challenged communities across India, by actively supporting initiatives that aim at creating suitable conditions for their sustainable livelihoods. As a financial institution, the Bank believes that it can play an active role in stimulating India's socio-economic development as well as its ecological balance. The Bank is also making efforts to align its CSR activities with some of the Sustainable Development Goals laid out by United Nations in 2015.

The CSR activities of the Bank are guided by its Corporate Social Responsibility (CSR) Policy which has been formulated and adopted by the Bank in compliance with the provisions of Section 135 of the Companies Act, 2013 and is accessible on the Bank's website [www.axisbank.com](http://www.axisbank.com).

The prescribed CSR expenditure for the Bank for fiscal 2018 in terms of the Section 135 of the Companies Act, 2013 and Rules



framed thereunder was ₹186.82 crores, against which the Bank has spent ₹133.77 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 as an annexure to the Directors' Report.

The Bank pursues its CSR activities either directly or through the Axis Bank Foundation (ABF), directly, or through any other entity as deemed suitable by the CSR Committee of the Board. The CSR activities undertaken directly by the Bank focus on poverty alleviation, rural development through promoting financial literacy and enabling financial inclusion, environmental sustainability, education and skill development. With over 3,703 branches across the country, the Bank actively tries to leverage its geographical spread to expand the reach and impact of its initiatives. During the year, the Bank directly supported 15 such programs.

By reaching out to the rural populace through these interventions, the Bank aims to help the intended participants generate sustainable sources of income for their households. The Bank has collaborated with reputed NGOs and Trusts to have a deeper penetration in the rural areas to support livelihood programs that are sustainable and replicable. In its endeavour to foster inclusiveness, the Bank has tied up with a reputed NGO to create awareness on the Right of Persons with Disabilities (RPWD) Act and will train organizations involved in skilling the Persons with Disabilities (PWDs) to ensure the absorption of PWDs in the workforce.

The Bank has also taken a pioneering step to bridge the human resource gap faced by the development sector by supporting the 'Buddha Fellowship' initiative wherein young graduates from IIM, IIT and other reputed institutions will get an opportunity of two years of rigorous engagement with the development sector – on field work in NGOs and government and mentorship by senior leaders from corporate and development sector to groom them into a development entrepreneur.

Understanding the need to propagate the importance of health in the rural areas, the Bank conducted a health camp offering basic diagnostic services. Additionally, Financial Literacy sessions were conducted as part of the Mass Awareness Camp (MAC) for the participants of Joint Liability Group (JLG) and other community members. The mass awareness camp is designed to involve the entire community at large to be a part of the financial learning process. A skit was prepared on the overview and the benefits of banking. The activities are part of a larger intervention undertaken by the Bank with the rural communities on Financial Literacy that will include vocational training and financial awareness campaigns for low-income households.

Towards promoting Financial Inclusion at a pan-India level, the Bank engages Business Correspondents (BCs) to act as banking intermediaries to impart the financial literacy programs leading to a deeper percolation and adoption of financial products and services. In FY 2017-18, the Bank enrolled 7.7 lac members for various social security schemes through its various banking channels. During the year, the Bank conducted specialized knowledge sharing sessions for SMEs wherein industry domain experts share knowledge and discuss case studies focusing on SME sector growth and development. The various sessions covered more than 3,000 SMEs through 30 knowledge sharing sessions held in 30 cities. The Bank also conducts knowledge sessions on global trade through its Forex Club initiative, reaching 6,500 MSMEs of which 60% were New To Bank (NTB).

In line with the national priority to eliminate open defecation from the country under the 'Swachh Bharat Mission', the Bank supported various initiatives towards an ODF-free India, such as in the greater Nagpur region, where the Bank partnered with a nationally recognized NGO to design a communication strategy to take the message to the general public and specifically to school students.

Towards promoting greater environmental sustainability, the Bank has been working towards reducing its carbon emissions through installation of solar panels at select locations and remotely managed smart energy systems. As on March 31, 2018, the Bank had an installed capacity of 5.05 MW. The Bank is also supporting an initiative wherein 3,80,000 trees will be planted in around five states viz. Andhra Pradesh, Rajasthan, Gujarat, Odisha and Maharashtra that will improve vegetation in common lands, arrest and reverse land degradation, besides helping in reducing pressure on the forests and common lands. This initiative is expected to improve availability of fodder, fuel wood, biodiversity, water, nutrients thereby improving livelihoods of poor rural households. Additionally, ABF, through its partners, undertakes tree plantation drives at locations across India. During the reporting period, 14.35 lac saplings were planted.

During the year, Axis Bank embarked on an ambitious endeavour to reach out to the remote communities in the Ladakh region of Jammu & Kashmir and launched a three year program 'Axis DilSe – Connecting Remote Communities' aimed at transforming over 100 village schools in Leh and Kargil districts by creating physical and educational infrastructure. The initiative is in alignment with the Government of India's Border Area Development Program (BADP).

The Axis Bank Foundation (ABF), set up as a Public Charitable Trust in 2006 has partnered with NGOs primarily working in the areas of Rural Livelihood and Vocational Training. Within Rural Livelihoods, the core focus areas are Watershed Management and Agriculture Productivity, Livestock Enhancement and Financial Inclusion. The initiatives undertaken in these areas have helped in enhancing agricultural output through improved farm practices, thereby making multiple cropping possible. The initiatives also support communities in better livestock rearing thereby creating an alternative stream of income, which can supplement and improve overall income. Many of the ABF-supported programs are closely aligned with the Government of India's rural development schemes such as The Mahatma Gandhi National Rural Employment Guarantee Act and Pradhan Mantri Krishi Sicai Yojana.

The Foundation's programs also aim to strengthen the role of women in rural economies. As part of ABF's financial inclusion initiatives, a total of 13,396 Self Help Groups (SHGs) have been formed with 159,654 women members. These SHGs have recorded a savings of ₹28.95 crores and borrowings of ₹55.30 crores from the formal sector.



During the reporting period, ABF achieved its stated mission of creating 1 million livelihoods well before the stated target completion date of 31 December 2017, of which 63% are women. The Foundation has now committed itself to supporting 2 million households by 2025.

The various Livelihood programs of the Bank and ABF seek to provide vocational training to unemployed youth, including Persons with Disabilities (PwD), improving their ability to find employment and strengthen their self-dependence, in alignment with national schemes such as Skill India Mission. In the reporting year, 21,510 youth have been trained, of which 67% have been placed.

'Axis Cares' is the employee engagement platform that enables the workforce of the Bank to engage with various initiatives of the Foundation and support them through payroll donations.

The Bank's CSR agenda is closely guided and monitored by the Board level CSR Committee of the Bank and its top management. The Bank and ABF follow the highest fiduciary responsibility to ensure a thorough due diligence and monitoring of projects, partners and measurement of impact. From time to time, members of the CSR Committee or top management visit project intervention sites to directly interact with implementation partners and participants.

During the year, the Bank was rewarded by the 'FICCI CSR Summit & Awards 2017' in the 'Women Empowerment Category' in recognition of its CSR efforts and impacts created.

Additional details of the Bank's community development efforts can be accessed through the Bank's standalone annual sustainability report, the Bank's 'CSR & Sustainability' web-section on [www.axisbank.com](http://www.axisbank.com) and ABF's website [www.axisbankfoundation.org](http://www.axisbankfoundation.org).

## Human Resources

This year, the Bank entered the 25<sup>th</sup> year of its journey. The Bank continues to focus on capability building, keeping the future in mind. The Bank has made intensive efforts to ensure that employees' capabilities are developed so that employees can handle challenges of future while staying abreast with the functional domain knowledge of Banking. The Bank ended the year with a workforce strength of 59,614 employees. Some key focus areas of the Bank were:

**Building Bankers the Axis Way:** The Bank takes significant efforts to enhance the employee's capabilities by focusing on developing their core functional knowledge and building on their banking skills. Through its various learning interventions, the Bank continues to provide platforms for employees to improve on their Banking domain knowledge and skills. The Bank's online learning and testing platform, Axis Competency Profiler, assesses employees on their functional competence and creates a pool of functionally strong employees. The Bank has collaborations with the best names in their respective fields of expertise, to bring learning academies to our employees. These Academies provide employees the opportunity to gain levels of mastery in Core Banking areas like the Credit, Risk, Trade & Forex Academies in collaboration with CRISIL to build deep knowledge in these areas.

This learning mindset is strengthened when subject matter experts within the Bank are encouraged to nurture a culture of learning and sharing. The Axis Learning Achievers program and the Axis Business Clinics provides leaders with teachable points of view while assimilating story telling as a powerful medium of learning. Using the cascade format of facilitation, the Banking on Compliance program drives ethical decision making, KYC/AML knowledge and importance of compliance in every transaction the Bank undertakes.

**Reinforcing Meritocracy:** The Bank's integrated Performance Management & Capability Development system - ACElerate – helps in fostering high performance as well as building capability. Capability development interventions are provided to high performing employees to hone their skills further and help them perform at the next level. More than 24,600 employees underwent a 2-day behavioural training program customized to their grade and their role challenges. Enhancement Program was offered to poor performers as a lever to opt for stretch targets and have a chance at upgrading their rating retrospectively. The Bank's promotion process allows for the best performers to shine through, regardless of their age, gender, past performance & background. A young and engaged workforce with an average age of 29.5 years and the Bank's policy on being an equal opportunity employer continue to significantly contribute towards the Axis Bank brand.

Leadership development across levels has been the Bank's continued focus. 'Hire at frontline and grow from within' is the strategy deployed across the Bank. Inter-linkages across the different academic tie-ups ensure that the best talent are placed across the organization in roles that add value while bring in new perspectives and points of view.

The Bank follows an institutionalized approach of providing differentiated learning opportunities to the Top Talent. In order to gain a better understanding of how the Digital Wave is disrupting businesses and reshaping strategies, the Bank partnered with INSEAD, one of the world's pre-eminent Business Schools, to bring our Leaders a world-class program in the shape of the Axis INSEAD Digital Leadership Academy. Additionally, developmental interventions in the form of executive coaching, mentoring and feedback tools were introduced and extended to a wider audience to facilitate their leadership journey.

Axis Blitz Voices continued, where our leaders travelled to 27 locations and met nearly 5,000 employees to listen to their voices. The Bank introduced an integrated employee survey architecture to be able to hear from employees at various stages of their employee lifecycle.

The Bank has been continuously enhancing employee experience through personalized human connect as well as technology enabled connect. The best-in-class technology is deployed to automate HR processes & the internal employee portal, MyConnect provides employees with a seamless and digitally enhanced HR experience.



**Partnering with external stakeholders:** The Bank continued giving back to the community via the Axis DilSe initiative. The DilSe program saw 108 schools across the remotest part so of Kargil and Ladakh being adopted by 20 senior leaders for a period of 3 years. Providing playgrounds, libraries, solar panels, digital learning, desks and chairs are part of the program. 31 employees along with the leaders spent time with the children, villagers and teachers to drive home the importance of education and the importance of working towards fulfilling their dreams.

Through the fulfilment of its HR agenda, the Bank continues to strive towards its pledge of serving its customers, shareholders, employees & communities.

### Subsidiary Performance

During fiscal 2018, the Bank's subsidiaries reported healthy growth in revenue and earnings of 31% and 5% respectively.

Axis Finance Limited, the Bank's fast growing NBFC that caters to the unique financing requirement of retail and wholesale customers, reported 54% YoY growth in total loans with 64% growth in retail loans. Axis Finance's net profit increased by 27% and contributed 44% to total subsidiaries' earnings.

Axis Capital, the Bank's institutional equities and investment banking franchise has been the leader in equity and equity linked deals over the last decade and had another great year with 42% market share of the IPO market. Axis Capital contributed 29% to the total earnings of the subsidiaries.

Axis AMC and Axis Securities continued to contribute towards the Bank's Retail Franchise building strategy and strengthen the bond with its customers. Axis AMC reported 45% YoY growth in average AUM with 26% growth in total number of folios and contributed 9% to total subsidiaries' earnings. Axis Securities, one of the fastest growing brokerage firms in India reported 33% growth in cumulative client base to 1.84 million and contributed 13% to subsidiaries' net profits.

During the fiscal, the Bank acquired Freecharge, one of the India's leading digital payment companies that has a current user base of 61.5 million, GMV of over ₹2,000 crores and ~110 million transactions. The Bank believes that the Freecharge's unique value proposition in the digital payments space and the strength of its acquisition engine would help to build the Axis franchise further and create significant value for the Bank. With Digital Payments as a hook, the Bank intends to leverage the platform for digital distribution of retail products by targeting digitally native mobile first customers. The post-acquisition activities at Freecharge remain on track with total payment volumes up 36% and monthly active users increasing by 44% during the period October 2017 to March 2018.

A.TReDs Limited, the Bank's subsidiary that was set up in partnership with m-Junction, was one of the three entities allowed by RBI to set up the Trade Receivables Discounting System (TReDS), an electronic platform for facilitating cash flows for MSMEs. The Bank's digital invoice discounting platform 'Invoicemart' for MSMEs has done exceptionally well with market share of nearly 43% among all TReDS platforms. It currently has more than 350 participants on the platform and has clocked more than ₹410 crores in financed throughput by e-discounting nearly 14,300 invoices.

### Safe Harbor

Except for the historical information contained herein, statements in this Annual Report which contain words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "strategy", "philosophy", "project", "should", "will pursue" and similar expressions or variations of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion, the adequacy of our allowance for credit losses, our provisioning policies, technological changes, investment income, cash flow projections, our exposure to market risks as well as other risks. Axis Bank Limited undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

The Members of Axis Bank Limited  
Axis Bank Limited  
'Axis House', C-2,  
Wadia International Centre,  
Pandurang Budhkar Marg,  
Worli, Mumbai,  
Maharashtra – 400 025

1. The Corporate Governance Report prepared by Axis Bank Limited (hereinafter "the Bank"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Bank for annual submission to the Stock exchange and to be sent to the Shareholders of the Bank.

### **Management's Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Bank including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Bank complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### **Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Bank has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
  - i. Reading and understanding of the information prepared by the Bank and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors w.r.t. executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Directors Register as on March 31, 2018 and verified that at least one women director was on the Board during the year;
  - iv. Obtained and read the minutes of the following committee meetings held from April 1, 2017 to March 31, 2018:
    - (a) Board of Directors Meeting;
    - (b) Audit Committee;



- (c) Annual General Meeting and Extraordinary General Meeting;
  - (d) Nomination and Remuneration Committee;
  - (e) Stakeholders Relationship Committee; and
  - (f) Risk Management Committee;
- v. Obtained necessary representations and declarations from directors of the Bank including the Independent Directors ; and
  - vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Bank taken as a whole.

- 8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Bank has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 3 above.

#### **Other Matters and Restriction on Use**

- 9. This report 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.
- 10. This report is addressed to and provided to the members of the Bank solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S.R. Batliboi & CO. LLP  
Chartered Accountants  
ICAI Firm registration number: 301003E/E300005

per Viren H. Mehta  
Partner  
Membership No.048749

Place: Mumbai  
Date: 16<sup>th</sup> May 2018



## CORPORATE GOVERNANCE

(Part of the Directors' Report for the year ended 31<sup>st</sup> March 2018)

### (1) PHILOSOPHY ON CODE OF GOVERNANCE

Your 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 institutionalize 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 under the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Banking Regulation Act, 1949, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and the Articles of Association of the Bank.
- II. The Board of Directors of the Bank has an optimum combination of Independent, Non-Executive and Executive Directors. The Board presently comprises of 15 Directors representing diverse combination of professionalism, knowledge, expertise and experience as relevant for the banking business. The Board has 8 Independent Directors constituting more than one-third of its total membership strength and 3 Women Directors. None of the Directors or their relatives are related to each other. The Board is led by the Non-Executive (Part-Time) Chairman, who is an Independent Director.
- III. The Board comprises of nominees of the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI) and Life Insurance Corporation of India (LIC), Promoters of the Bank and BC Asia Investments VII Limited, Integral Investments South Asia IV and BC Asia Investments III Limited (being entities affiliated to BAIN Capital, a Global Private Equity firm). The following Members constitute the Board, as on 31<sup>st</sup> March 2018:

Sr. No.	Name of the Director	Category
1.	Dr. Sanjiv Misra	Independent Director & Non-Executive (Part-Time) Chairman
2.	Smt. Shikha Sharma	Managing Director & CEO
3.	Shri Prasad R. Menon	Independent Non-Executive
4.	Prof. Samir K. Barua	Independent Non-Executive
5.	Shri Som Mittal	Independent Non-Executive
6.	Shri Rohit Bhagat	Independent Non-Executive
7.	Smt. Usha Sangwan	Nominee Director – Life Insurance Corporation of India (LIC) [Equity Investor] - Promoter
8.	Shri S. Vishvanathan	Independent Non-Executive
9.	Shri Rakesh Makhija	Independent Non-Executive
10.	Smt. Ketaki Bhagwati	Independent Non-Executive
11.	Shri B. Baburao	Nominee Director – Administrator of the Specified Undertaking of Unit Trust of India (SUUTI) [Equity Investor] – Promoter
12.	Shri Stephen Pagliuca (w.e.f. 19 <sup>th</sup> December 2017)	Additional Nominee Director – Entities affiliated to BAIN Capital [Equity Investor]
13.	Shri V. Srinivasan	Deputy Managing Director
14.	Shri Rajiv Anand	Executive Director (Retail Banking)
15.	Shri Rajesh Dahiya	Executive Director (Corporate Centre)

- IV. The Bank recognizes and embraces the importance of a diverse board in its success and is endowed with appropriate balance of skills, experience and diversity of perspectives thereby ensuring effective board governance. The Board has reviewed and adopted the Policy on Board Diversity which sets out its approach to ensure Board diversity so as to enhance its effectiveness whilst discharging its fiduciary obligations towards the stakeholders of the Bank.



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 functions in an ethical and efficient manner. The duties and responsibilities of the Board have been set out in its Charter, in terms of the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Listing Regulations, Banking Regulation Act, 1949, Guidelines issued by the RBI, in this regard, from time to time and the Articles of Association of the Bank.

The responsibilities of the Board include inter alia overseeing the functioning of the Bank, monitoring legal, statutory compliance, internal controls and risk management on the basis of information provided to it. The Board is also responsible for approving the strategic direction, plans and priorities for the Bank, monitoring corporate performance against strategic business plans, reviewing and approving the Bank's operating results on a quarterly basis, overseeing the Bank's Corporate Governance framework and supervising the succession planning process for its Directors and Senior Management.

Accordingly, the Board deliberates on matters such as business strategy, risk, financial results, succession planning, compliance, customer service, information technology and human resources as covered under the seven critical themes prescribed by the RBI and such other matters as deemed appropriate. The Board spends considerable time perusing the information provided to them which facilitates informed decision making and effective participation at its meetings, leading to higher board effectiveness. The Board oversees the actions and results of the Management to ensure that the long term objectives of enhancing shareholders value are met. The Board has the discretion to engage the services of external experts / advisors, as deemed appropriate.

In all, 9 meetings of the Board were held during the financial year 2017-18, i.e. on 25<sup>th</sup> April 2017, 15<sup>th</sup> May 2017, 25<sup>th</sup> July 2017, 16<sup>th</sup> October 2017, 9<sup>th</sup> November 2017, 10<sup>th</sup> November 2017, 7<sup>th</sup> December 2017, 22<sup>nd</sup> January 2018 and 23<sup>rd</sup> March 2018. The meetings held on 25<sup>th</sup> April 2017, 25<sup>th</sup> July 2017 and 16<sup>th</sup> October 2017 were spread over a period of 2 days. The gap between two Board meetings did not exceed the prescribed limit of 120 days. The requisite quorum was present for all the meetings of the Board held during the financial year 2017-18.

The details of the meetings of the Board attended by the Directors during the financial year 2017-18, their attendance at the 23<sup>rd</sup> Annual General Meeting (AGM) of the Bank, the number of other Directorships and Memberships / Chairmanships in Board Committees held by them, as on 31<sup>st</sup> March 2018, are given below:

Name of the Director	Board Meetings attended during the year	Sitting fees (in Rupees)	Attendance at 23 <sup>rd</sup> AGM (26 <sup>th</sup> July 2017)	Number of other directorships		Number of memberships in board committees <sup>(2)</sup>
				of Indian public limited companies	of other companies <sup>(1)</sup>	
Independent Director & Non-Executive (Part-Time) Chairman						
Dr. Sanjiv Misra	9/9	9,00,000	Yes	2	0	2(1)
Nominee Director – SUUTI						
Shri B. Baburao <sup>&amp;</sup>	9/9	9,00,000	Yes	4	1	2(1)
Nominee Director – LIC						
Smt. Usha Sangwan <sup>&amp;&amp;</sup>	6/9	6,00,000	Yes	5	7	3(1)
Nominee Director – Entities affiliated to BAIN Capital						
Shri Stephen Pagliuca (Appointed w.e.f. 19 <sup>th</sup> December 2017)	2/2	2,00,000	N.A.	0	6	0
Independent Directors						
Shri V. R. Kaundinya <sup>@</sup> (Ceased to be a Director on expiry of tenure w.e.f. the close of business hours on 11 <sup>th</sup> October 2017)	2/3	2,00,000	Yes	-	-	-
Shri Prasad R. Menon	9/9	9,00,000	Yes	2	2	2(1)
Prof. Samir K. Barua	9/9	9,00,000	Yes	5	1	6(4)
Shri Som Mittal <sup>@</sup>	7/9	7,00,000	Yes	3	5	3(2)

Name of the Director	Board Meetings attended during the year	Sitting fees (in Rupees)	Attendance at 23 <sup>rd</sup> AGM (26 <sup>th</sup> July 2017)	Number of other directorships		Number of memberships in board committees <sup>(2)</sup>
				of Indian public limited companies	of other companies <sup>(1)</sup>	
Shri Rohit Bhagat	9/9	9,00,000	Yes	0	4	0
Shri S. Vishvanathan <sup>@</sup>	8/9	8,00,000	Yes	2	0	3(1)
Shri Rakesh Makhija	9/9	9,00,000	Yes	4	0	5(1)
Smt. Ketaki Bhagwati	9/9	9,00,000	Yes	1	0	0
<b>Managing Director &amp; CEO/ Whole Time Directors</b>						
Smt. Shikha Sharma Managing Director & CEO	9/9	—	Yes	2	0	0
Shri V. Srinivasan-Deputy Managing Director	9/9	—	Yes	5	1	0
Shri Rajiv Anand Executive Director - Retail Banking	9/9	—	Yes	2	0	0
Shri Rajesh Dahiya Executive Director -Corporate Centre	9/9	—	Yes	1	0	1

The meetings held on 15<sup>th</sup> May 2017, 9<sup>th</sup> November 2017, 10<sup>th</sup> November 2017, 7<sup>th</sup> December 2017 and 22<sup>nd</sup> January 2018 were conducted through video conference.

<sup>@</sup> Leave of absence was granted to the concerned Directors who had expressed their inability to attend the respective meetings.

<sup>&</sup> Sitting fees paid to Shri B. Baburao (Nominee Director – SUUTI) and Smt. Usha Sangwan (Nominee Director – LIC) for attending the meetings of the Board/Committees have been credited to the bank account of SUUTI and LIC, respectively.

<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 represent number of Chairmanships of the said Committees.

#### Notes:

- Section 165 of the Companies Act, 2013:
  - 1) None of the Directors of the Bank holds office of directorships in more than 20 companies. This includes alternate directorships, private limited companies and Section 8 companies.
  - 2) None of the Directors of the Bank holds office of directorships in more than 10 public limited companies. This includes directorship in private companies that are either holding or subsidiary company of a public company.
- Regulation 25 of the Listing Regulations:
  - 1) None of the Directors of the Bank serve as an Independent Director in more than 7 listed companies.
  - 2) None of the Whole-Time Directors of the Bank serve as an Independent Director in any listed company.
- Regulation 26 of the Listing Regulations:

None of the Directors of the Bank is a Member in more than 10 Committees or is a Chairperson in more than 5 Committees of Public Limited Companies. In terms of this regulation, only Chairmanship / Membership in Audit Committee and Stakeholders Relationship Committee are required to be considered for the said purpose.



All Directors of the Bank have submitted their annual disclosures / declarations as mandated under the Companies Act, 2013 and the Rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and the Banking Regulation Act, 1949 and the Guidelines issued by the RBI, in this regard, from time to time.

## **Board Meetings**

### Schedule of Board meetings

The schedule in respect of the meetings of the Board / Committees thereof to be held during the next financial year and for the ensuing Annual General Meeting is circulated in advance to all the Members of the Board.

### Critical themes for review by the Board

The RBI vide its Circular no. DBR No. BC.93/29.67.001/2014-15 dated 14<sup>th</sup> May 2015 had prescribed 'Seven Critical Themes' to be reviewed by the Board namely business strategy, financial reports and their integrity, risk, compliance, customer protection, financial inclusion and human resources. The agenda for Board meetings also includes matters forming part of the said critical themes, as stipulated by the RBI.

### Board agenda

The Board agenda is prepared based on inputs received from the concerned departments of the Bank and finalised in consultation with the Chairman of the Board of Directors of the Bank. The Board agenda and notes thereof are sent to the Directors in advance to enable them to read and comprehend the matters to be dealt with and seek further information / clarification.

The Board agenda and notes are uploaded on the Bank's e-meeting portal wherein the Directors can review the same in a secure environment and at their convenience. The information relating to schedule of meetings, organization structure, events and conferences, announcements of material events and various articles about the Bank are also uploaded on the said e-meeting portal, for the information of the Directors.

The Minutes of the Board meetings are circulated to the Chairman for his review and approval and thereafter circulated to the other Members of the Board for their comments in accordance with the Secretarial Standards on meetings of the Board of Directors (SS-1) issued by the Institute of Company Secretaries of India (ICSI).

In case of business exigencies or urgency of matters, resolutions are passed by the Board through circulation. Video conferencing facilities are also used to facilitate participation by Directors who are unable to physically attend the meetings of the Board or its Committees. As a matter of good governance, the Directors of the Bank are not allowed to participate in Board meetings through video conference during deliberations on the agenda items relating to consideration of financial results of the Bank and other price sensitive matters as prescribed in SS-1.

## **Committees of the Board**

The business of the Board is also conducted through the Committees constituted by the Board to deal with specific matters as per delegated powers for different functional areas of the Bank and as mandated under the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Listing Regulations, Banking Regulation Act, 1949, Guidelines issued by the RBI, from time to time and the Articles of Association of the Bank.

The Board has constituted 12 Committees, viz., Committee of Directors, Audit Committee, Risk Management Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Special Committee of the Board of Directors for Monitoring of Large Value Frauds, Customer Service Committee, IT Strategy Committee, Review Committee, Acquisitions, Divestments and Mergers Committee and Committee of Whole-time Directors.

The Agenda of the meetings of the Committees is finalised in consultation with the Chairman of the concerned Committees. The Committees ensure that any feedback or observations made by them during the course of the meetings forms part of the Action Taken Report for their review at the subsequent meetings. The Chairman of the Committees briefs the Board on the key decisions taken by the Committee at its meetings.

The Bank in order to facilitate linkages between two Board Committees has appointed Non-Executive Directors as common members. The Audit Committee of the Board and the Committee of Directors have Shri S. Vishvanathan as a common member. The Risk Management Committee and the Nomination and Remuneration Committee have Shri Rohit Bhagat as a common member. The Audit Committee of the Board and the Special Committee of the Board of Directors for Monitoring of Large Value Frauds have Prof. Samir Barua, Shri Rakesh Makhija and Shri B. Baburao as common members. IT Strategy Committee and

Customer Service Committee have Shri Som Mittal as a common member. The Audit Committee of the Board and the Risk Management Committee have Prof. Samir Barua as a common member. The Committee of Directors and the Risk Management Committee have Smt. Ketaki Bhagwati as a common member. The Committee of Directors and the Review Committee have Shri S. Vishvanathan and Smt. Ketaki Bhagwati as common members.

The terms of reference of the said Committees, their composition and attendance of the members at the meetings of the said Committees, are detailed as under.

## (1) Committee of Directors

The Committee of Directors of the Board (Committee of Directors) comprises of 5 members out of which 3 are Independent Directors. The Members are Shri S. Vishvanathan, Independent Director (Chairman), Smt. Shikha Sharma, Managing Director & CEO, Shri Prasad R. Menon, Independent Director, Shri V. Srinivasan, Deputy Managing Director and Smt. Ketaki Bhagwati, Independent Director of the Bank.

The terms of reference of the Committee of Directors, are as under:

- i) To review loans sanctioned by Senior Management Committee, provide approvals for loans above certain stipulated limits, to discuss strategic issues in relation to credit policy and deliberate on the quality of the credit portfolio of the Bank.
- ii) To monitor the exposures (both credit and investments) of the Bank and to consider and approve one time compromise settlement proposals, in respect of loan accounts which have been written off.
- iii) To sanction revenue expenditures relating to the Bank's business/operations covering all its departments and business segments, above certain stipulated limits.
- iv) To approve expansion of the location of the Bank's Network of offices, Branches, Extension counters, Automated Teller Machines, Automated Fare Collection Equipment and Currency chests locally as well as internationally and review the Annual Branch Expansion Plan and Annual Report of the Branches.
- v) To review investment strategy, periodically review investments made and approve investment related proposals above certain limits.
- vi) To review and approve proposals relating to the Bank's business/operations covering all its departments and business segments.
- vii) To ensure compliance with the statutory/regulatory framework, etc. locally as well as internationally.
- viii) To discuss issues relating to day to day affairs/problems and to establish systems for facilitating efficient operations of the Bank.
- ix) To assess the adequacy of Policies mandated by RBI/other regulators (domestic/overseas) relating to the business/operations of the Bank on an ongoing basis.
- x) To review loans granted to directors (including the Chairman/Managing Director) of other banks which have been sanctioned by the Management Committee.
- xi) To sanction credit facility extended to any firm/company in which any director of other banks is interested as a partner/ director or guarantor.
- xii) Any other matter as may be authorised by the Board of Directors or required to be done pursuant to any applicable laws, rules, regulations or as decided by the Management of the Bank.
- xiii) Any other matter as may be required to be done pursuant to the Board approved policy of the Bank.

In all, 12 meetings of the Committee of Directors were held during the Financial Year 2017-18 i.e. on 24<sup>th</sup> May 2017, 22<sup>nd</sup> June 2017, 11<sup>th</sup> August 2017, 20<sup>th</sup> September 2017, 8<sup>th</sup> November 2017, 15<sup>th</sup> November 2017, 30<sup>th</sup> November 2017, 22<sup>nd</sup> December 2017, 21<sup>st</sup> January 2018, 30<sup>th</sup> January 2018, 23<sup>rd</sup> February 2018 and 22<sup>nd</sup> March 2018.





The details of the meetings of the Committee of Directors attended by the Members during the year 2017-18, are given below:

(in ₹)		
<b>Name of the Members</b>	<b>Attendance</b>	<b>Sitting fees</b>
Shri S. Vishvanathan	12/12	6,00,000
Smt. Shikha Sharma <sup>@</sup>	9/12	—
Shri Prasad R. Menon <sup>@</sup>	10/12	5,00,000
Shri V. Srinivasan	12/12	—
Smt. Ketaki Bhagwati	12/12	6,00,000

The meetings held on 24<sup>th</sup> May 2017, 20<sup>th</sup> September 2017, 15<sup>th</sup> November 2017, 30<sup>th</sup> November 2017, 22<sup>nd</sup> December 2017, 21<sup>st</sup> January 2018, 30<sup>th</sup> January 2018 and 23<sup>rd</sup> February 2018 were conducted through video conference.

<sup>@</sup>Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.

## (2) Audit Committee

The Audit Committee of the Board of Directors of the Bank (Audit Committee) comprises of 4 members out of which 3 are Independent Directors. The Members are Prof. Samir K. Barua, (Chairman), Shri S. Vishvanathan and Shri Rakesh Makhija, Independent Directors and Shri B. Baburao, Non-Executive Director of the Bank. The Members of the Audit Committee are financially literate and have requisite accounting and financial management expertise.

The tenure of Shri V. R. Kaundinya as an Independent Director of the Bank had ceased, with effect from the close of business hours on Wednesday, 11<sup>th</sup> October 2017, upon completion of the maximum permissible tenure of 8 continuous years, under Section 10A (2A) of the Banking Regulation Act, 1949. Accordingly, he ceased to be a member of the Audit Committee with effect from the said date.

Pursuant to the vacancy caused by the expiry of tenure of Shri V. R. Kaundinya, Shri B. Baburao, Non-Executive Director was inducted as a member of the Audit Committee w.e.f. 17<sup>th</sup> October 2017.

The terms of reference of the Audit Committee, are as under:

- i) To provide direction and to oversee the operation of the audit function.
- ii) To review the internal audit system with special emphasis on its quality and effectiveness.
- iii) To review all matters as specified by RBI in the circular on Calendar of Reviews as per RBI Circular dated 10<sup>th</sup> November 2010 and notifications, if any, issued from time to time in this regard.
- iv) To review findings of internal and concurrent audit reports.
- v) To discuss the matters related to frauds.
- vi) To discuss and follow up for the audit observations relating to Long Form Audit Report.
- vii) To review the status of compliance with respect to Risk Assessment Report, Risk Mitigation Plan, Scrutiny Reports issued by RBI and any other domestic/overseas regulators and forensic audit reports by external agencies, if any.
- viii) To review the concurrent audit system of the Bank (including the appointment of concurrent auditors) and appointment of statutory auditors.
- ix) To oversee the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- x) To recommend to the Board, the appointment, re-appointment, remuneration and terms of appointment of the statutory auditors of the Bank.

- xi) To approve payments to statutory auditors for any other services rendered by them.
- xii) To review, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement in the Board's report in terms of clause (5) of section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies & 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.
  - Modified opinion in the draft audit report.
- xiii) To review with the management, the quarterly financial statements before submission to the Board for approval.
- xiv) 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 utilized 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.
- xv) To review with the management, performance and independence of statutory and internal auditors, adequacy of the internal control systems and effectiveness of audit process.
- xvi) To obtain and review reports of the Compliance Officer appointed in the Bank, at stipulated periodicity, in terms of RBI instructions and circulated to all the functional heads.
- xvii) 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.
- xviii) To discuss with Chief Audit Executive / Internal Auditors any significant audit findings and follow up thereon.
- xix) To review the findings of any internal investigations by the internal / statutory 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.
- xx) 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.
- xxi) To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.
- xxii) To review functioning of the Whistle Blower and Vigilance Mechanism.
- xxiii) To approve the appointment of the Chief Financial Officer. The Audit Committee, while approving the said appointment, shall assess the qualifications, experience & background, etc. of the candidate.
- xxiv) To review and approve the appointment, removal and terms of remuneration of the Chief Audit Executive and / or any change in the incumbency of the Chief Audit Executive of the Bank, along with the reasons for such change.
- xxv) To approve any subsequent modification of transactions of the Bank that shall involve related parties.
- xxvi) Scrutiny of inter-corporate loans and investments which are not in the ordinary course of business of the Bank.



- xxvii) Evaluation of internal financial controls and risk management system.
- xxviii) Valuation of undertakings or assets of the company, wherever it is necessary.
- xxix) Review and approve the change in the incumbency of the Chief Compliance Officer of the Bank.
- xxx) Review Segmental Reporting.
- xxxi) Review of cases of wilful defaults.
- xxxii) Review of the consolidated status of adherence to the arm's length principle by the subsidiaries /step down subsidiaries as per the Group Arm's Length Policy.
- xxxiii) Review of the summary of changes in Compliance Officers of the subsidiaries.

The Chief Audit Executive and the Group Executive & Chief Financial Officer of the Bank attend the meetings of the Audit Committee. The Chief Audit Executive of the Bank directly reports to the Audit Committee of the Board. Prof. Samir K. Barua, Chairman of the Audit Committee attended the Twenty Third Annual General Meeting of the Shareholders of the Bank. The Company Secretary of the Bank acts as a secretary to the Audit Committee.

The Audit Committee discusses 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 their approval. The representatives of the Statutory Auditors have attended the meetings of the Audit Committee held during the year for review of the quarterly /annual financial results of the Bank. The Audit Committee also discusses with the Statutory Auditors on matters connected with the said financial results, without the presence of any executives of the Bank.

In all, 15 meetings of the Audit Committee were held during the Financial Year 2017-18 i.e. on 26<sup>th</sup> April 2017, 24<sup>th</sup> May 2017, 22<sup>nd</sup> June 2017, 25<sup>th</sup> July 2017, 18<sup>th</sup> August 2017, 20<sup>th</sup> September 2017, 17<sup>th</sup> October 2017, 23<sup>rd</sup> October 2017, 8<sup>th</sup> November 2017, 15<sup>th</sup> November 2017, 29<sup>th</sup> November 2017, 21<sup>st</sup> December 2017, 22<sup>nd</sup> January 2018, 22<sup>nd</sup> February 2018 and 22<sup>nd</sup> March 2018.

The details of the meetings of the Audit Committee attended by the Members during the year 2017-18, are given below:

(in ₹)		
<b>Name of the Members</b>	<b>Attendance</b>	<b>Sitting fees</b>
Prof. Samir K. Barua	15/15	7,50,000
Shri V. R. Kaundinya <sup>@</sup> (Ceased to be a Member w.e.f. the close of business hours on 11 <sup>th</sup> October 2017)	5/6	2,50,000
Shri S. Vishvanathan <sup>@</sup>	14/15	7,00,000
Shri Rakesh Makhija <sup>@</sup>	14/15	7,00,000
Shri B. Baburao (inducted as a Member w.e.f. 17 <sup>th</sup> October 2017)	9/9	4,50,000

The meeting held on 20<sup>th</sup> September 2017 was conducted through video conference.

<sup>@</sup> Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.

### (3) Risk Management Committee

The Risk Management Committee of the Board of Directors of the Bank (Risk Management Committee) comprises of 5 members out of which 4 are Independent Directors. The Members are Prof. Samir K. Barua, (Chairman) and Dr. Sanjiv Misra, Independent Directors, Smt. Shikha Sharma, Managing Director & CEO, Shri Rohit Bhagat and Smt. Ketaki Bhagwati, Independent Directors of the Bank.

The terms of reference of the Risk Management Committee, are as under:

- i) To review the status of risk management in the Bank in pursuance of the objectives of the risk strategy of the Bank

and in terms of the notifications / guidelines issued by the RBI or any other regulators and as assigned by the Board, from time to time.

- ii) To oversee and advise to the Board, on:
  - a) defining risk appetite, tolerance thereof and review the same, as appropriate;
  - b) the systems of risk management framework, internal control and compliance to identify, measure, aggregate, control and report key risks;
  - c) the alignment of business strategy with the Board's risk appetite;
  - d) the 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 risk matters.
- iv) 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.
- v) To review the asset liability management (ALM) of the Bank on a regular basis.
- vi) To consider any major regulatory issues that may have a bearing on the risk profile and risk appetite of the Bank.
- vii) To provide to the Board such additional assurance as it may require regarding the quality of risk information submitted to it.
- viii) To approve the strategy and policies of the Bank, to ensure well integrated enterprise risk management in the Bank.
- ix) To review risk return profile of the Bank, capital adequacy based on the risk profile of the Bank's balance sheet, Basel-II 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.
- x) To exercise oversight over the risk management function of the Bank.
- xi) To review 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 and to give clear focus to current and forward-looking aspects of risk exposure.
- xii) To ensure that processes and infrastructure (including staffing, people, systems, operations, limits and controls) satisfy Bank's policy on risks.
- xiii) To review and approve market risk limits, including triggers or stop-losses for traded and accrual portfolios.
- xiv) To ensure certification of financial models – through appointment of qualified and competent staff and the effectiveness of all systems used to calculate market risk.
- xv) To reinforce the culture and awareness of risk management throughout the organisation.
- xvi) To provide guidance and inputs to the Board and the Management on the hiring and reporting structure of the Chief Risk Officer of the Bank.
- xvii) To carry out any additional specific functions that may be laid down by RBI or other regulators from time to time, including oversight over funding and liquidity management;
- xviii) Delegation of authority to the operating teams, operational risk capital methodology etc.
- xix) To review the Potential Risks to Credit Portfolio, accentuated level of credit risk and rating migration.



xx) To review Stress Testing Results.

xxi) To review Back-Testing Report.

The Chief Risk Officer (CRO) of the Bank reports directly to the Managing Director & CEO of the Bank. The CRO of the Bank oversees the risk management function and is responsible for developing and setting the risk management framework, developing and maintaining systems and processes to identify, approve, measure, monitor, control and report risks, developing risk controls and mitigation processes, ensuring adherence to the Risk Appetite established by the Board. The CRO of the Bank is independent of the business lines and is actively involved in key decision making processes. The CRO of the Bank also meets the Risk Management Committee without the presence of other executive management of the Bank.

In all, 7 meetings of the Risk Management Committee were held during the Financial Year 2017-18 i.e. on 25<sup>th</sup> April 2017, 31<sup>st</sup> May 2017, 21<sup>st</sup> June 2017, 26<sup>th</sup> July 2017, 16<sup>th</sup> October 2017, 23<sup>rd</sup> January 2018 and 22<sup>nd</sup> February 2018.

The details of the meetings of the Risk Management Committee attended by the Members during the year 2017-18, are given below:

(in ₹)		
<b>Name of the Members</b>	<b>Attendance</b>	<b>Sitting fees</b>
Prof. Samir K. Barua	7/7	3,50,000
Dr. Sanjiv Misra <sup>@</sup>	6/7	3,00,000
Smt. Shikha Sharma <sup>@</sup>	6/7	—
Shri Rohit Bhagat <sup>@</sup>	5/7	2,50,000
Smt. Ketaki Bhagwati <sup>@</sup>	7/7	3,50,000

The meetings held on 31<sup>st</sup> May 2017, 21<sup>st</sup> June 2017, 23<sup>rd</sup> January 2018 and 22<sup>nd</sup> February 2018 were conducted through video conference.

<sup>@</sup> Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.

#### (4) Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Board of Directors of the Bank (Stakeholders Relationship Committee) comprises of 2 members. The Members are Shri B. Baburao Non-Executive Director (Chairman) and Shri Rajesh Dahiya, Executive Director (Corporate Centre) of the Bank.

The tenure of Shri V. R. Kaundinya as an Independent Director of the Bank had ceased, with effect from the close of business hours on Wednesday, 11<sup>th</sup> October 2017, upon completion of the maximum permissible tenure of 8 continuous years, under Section 10A (2A) of the Banking Regulation Act, 1949. Accordingly, he ceased to be a member of the Stakeholders Relationship Committee, with effect from the said date.

Shri V. R. Kaundinya, erstwhile Chairman of the Stakeholders Relationship Committee had attended the Twenty Third Annual General Meeting of the Shareholders of the Bank. The Company Secretary of the Bank is the Compliance Officer, in terms of Regulation 6 of the Listing Regulations.

The terms of reference of the Stakeholders Relationship Committee, are as under:

- i) To review the status of redressal of correspondences / complaints, received from the security holders of the Bank / Statutory / Regulatory Authorities, inter alia relating to non-receipt of dividend / interest / refund order / redemption of debt securities, transfer / transmission of shares, non-receipt of annual report and other related documents.
- ii) To review the adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent to its shareholders.



- iii) To review the various measures / initiatives taken by the Bank inter alia for reducing the quantum of unclaimed dividends, ensuring timely receipt of dividend warrant / annual report / statutory notice by the shareholders of the Bank and recommend measures to further enhance the service standards for the benefit of the security holders of the Bank.
- iv) To review the status of compliance by the Bank under applicable Corporate and Securities laws.
- v) To consider and review such other matters, as the Committee may deem fit, from time to time.

In all, 4 meetings of the Stakeholders Relationship Committee were held during the Financial Year 2017-18 i.e. on 13<sup>th</sup> April 2017, 13<sup>th</sup> July 2017, 13<sup>th</sup> October 2017 and 15<sup>th</sup> January 2018.

The details of the Stakeholders Relationship Committee meetings attended by the Members during the year 2017-18, are given below:

(in ₹)		
<b>Name of the Members</b>	<b>Attendance</b>	<b>Sitting fees</b>
Shri V. R. Kaundinya (Ceased to be a Member w.e.f. the close of business hours on 11 <sup>th</sup> October 2017)	2/2	1,00,000
Shri B. Baburao	4/4	2,00,000
Shri Rajesh Dahiya	4/4	—

The meeting held on 13<sup>th</sup> April 2017 was conducted through video conference.

## (5) Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors of the Bank (Nomination and Remuneration Committee) comprises of 4 members, all of them being Independent Directors. The Members are Shri Prasad R. Menon (Chairman), Shri Rohit Bhagat, Shri Rakesh Makhija and Shri Som Mittal.

The tenure of Shri V. R. Kaundinya as an Independent Director of the Bank had ceased, with effect from the close of business hours on Wednesday, 11<sup>th</sup> October 2017, upon completion of the maximum permissible tenure of 8 continuous years, under Section 10A (2A) of the Banking Regulation Act, 1949. Accordingly, he ceased to be a member of the Nomination and Remuneration Committee with effect from the said date.

Shri Som Mittal, Independent Director was inducted as a member of the Nomination and Remuneration Committee w.e.f. 7<sup>th</sup> December 2017.

Shri Prasad R. Menon, Chairman of the Nomination & Remuneration Committee attended the Twenty Third Annual General Meeting of the Shareholders of the Bank.

The terms of reference of the Nomination and Remuneration Committee, are as under:

### For Nomination / Governance matters:

- i) 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) Evaluate the skills that exist and those that are absent but needed at the Board level, based on the diversity policy of the Board and search for appropriate candidates who have the profile to provide such skill sets.
- iii) To evaluate the succession planning process adopted by the Bank and suggest suitable course of action, if any, relating to vacancies that would be required to be filled at Board level on account of retirement / resignation / expiry of term of Directors, including Chairman.
- iv) Advise criteria for evaluation of Individual and Independent Directors, Board as a whole as well as Committees thereof and shall carry out evaluation of performance of Individual and Independent Directors, Board as a whole and Committees thereof.



- v) 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, 'fit and proper' criteria, positive attributes and independence (if applicable) and on the basis of the report of performance evaluation of directors including independent directors and formulate the criteria relating thereto.
- vi) To recommend the appointment / re-appointment of Managing Director & CEO and other Whole-Time Directors and also terms of their appointment including remuneration, for the approval of the Board.
- vii) To identify persons who may be appointed in Senior Management position of the Bank, in accordance with the criteria laid down and recommend their appointment / removal for the approval of the Board.
- viii) Formulate and review the Policy on Board Diversity.

**For Remuneration / HR matters:**

- i) Review and recommend to the Board for approval, the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors, Key Managerial Personnel and other employees of the Bank).
- ii) Review and recommend to the Board for approval of the level and structure of fixed pay, variable pay, perquisites, bonus pool 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, the Whole-time Directors and Senior Management and also annual revision in remuneration to be made thereof.
- iii) 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.
- iv) Recommend to the Board the compensation payable to the Chairman of the Bank.
- v) 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.
- vi) Review and recommend to the Board for its approval, the talent management and succession policy and process in the Bank, for ensuring business continuity, especially at the levels of Managing Director & CEO, Whole Time Directors and Senior Management and other key roles of the Bank and their progression to the Board.
- vii) Review and recommend to the Board for approval the creation of new positions one level below the Managing Director & CEO of the Bank.
- viii) Set the goals, objectives and performance benchmarks for the Bank and for Managing Director & CEO, the Whole Time Directors and Senior Management for the financial year and over the medium to long term.
- ix) Review the performance of the Managing Director & CEO, the Whole-Time Directors and Senior Management of the Bank, at the end of every financial year.
- x) Review organization health through feedback from employee surveys conducted on a regular basis.
- xi) 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.
- xii) Review and recommend to the Board for approval, the early retirement option scheme for the Whole-Time Directors and other employees of the Bank.
- xiii) Consider and approve the Stock based compensation for all the employees of the Bank including the Managing Director & CEO, the Whole-time Directors, Senior Management and other eligible employees of the Bank, in terms of the relevant provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, from time to time.

In all, 8 meetings of the Nomination and Remuneration Committee were held during the Financial Year 2017-18 i.e. on 25<sup>th</sup> April 2017, 15<sup>th</sup> May 2017, 22<sup>nd</sup> June 2017, 24<sup>th</sup> July 2017, 16<sup>th</sup> October 2017, 7<sup>th</sup> December 2017, 22<sup>nd</sup> January 2018 and 23<sup>rd</sup> March 2018.

The details of the meetings of the Nomination and Remuneration Committee attended by the Members during the year 2017-18, are given below:

Name of the Members	Attendance	Sitting fees
Shri Prasad R. Menon	8/8	4,00,000
Shri Rohit Bhagat	8/8	4,00,000
Shri Rakesh Makhija	8/8	4,00,000
Shri V. R. Kaundinya (Ceased to be a Member w.e.f. the close of business hours on 11 <sup>th</sup> October 2017)	4/4	2,00,000
Shri Som Mittal (inducted as a Member w.e.f. 7 <sup>th</sup> December 2017)	2/2	1,00,000

The meetings held on 25<sup>th</sup> April 2017, 15<sup>th</sup> May 2017, 22<sup>nd</sup> June 2017 and 7<sup>th</sup> December 2017 were conducted through video conference.

#### (6) Special Committee of the Board of Directors for Monitoring of Large Value Frauds

The Special Committee of the Board of Directors for Monitoring of Large Value Frauds of the Bank (Special Committee for Monitoring of Large Value Frauds) comprises of 5 members out of which 2 are Independent Directors. The Members are Prof. Samir K. Barua, Independent Director (Chairman), Smt. Shikha Sharma, Managing Director & CEO, Shri Rakesh Makhija, Independent Director, Shri B. Baburao, Non-Executive Director and Shri Rajesh Dahiya, Executive Director (Corporate Centre) of the Bank.

The major functions of the Special Committee for Monitoring of Large Value Frauds are to monitor and review all the frauds of ₹10 million and above and the terms of reference of the Committee, are as under:

- i) Identify the systemic lacunae, if any that facilitated perpetration of the fraud and put in place measures to plug the same.
- ii) Identify the reasons for delay, in detection, if any and reporting to top management of the Bank and RBI.
- iii) Monitor progress of CBI / Police investigation and recovery position.
- iv) Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- v) Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls.
- vi) Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.
- vii) To review the reporting of all identified accounts to Central Fraud Monitoring Cell (CFMC), RBI as per existing cut-offs and to review reporting of all accounts beyond ₹500 million classified as RFA or 'Frauds' on the CRILC data platform with the dates on which the accounts were classified as such as per the existing cut-offs.
- viii) To consider and approve the Policy prescribing the process to be adopted by the Financial Crime Management Department of the Bank to implement the directions of the Committee, subject to review by the Board.
- ix) To review cyber frauds and specifically monitor the progress of the mitigating steps taken by the Bank in such cases and the efficacy of the same in containing fraud numbers and values.
- x) To review functioning of the Fraud Review Council (FRC) with regard to fraud trends and preventive steps taken by the business groups within the Bank to prevent/curb the frauds.
- xi) To review the Fraud Risk Management process, Fraud Monitoring and Fraud Investigation Function of the Bank.

In all, 5 meetings of Special Committee for Monitoring of Large Value Frauds were held during the Financial Year 2017-18 i.e. on 22<sup>nd</sup> June 2017, 20<sup>th</sup> September 2017, 29<sup>th</sup> November 2017, 21<sup>st</sup> December 2017 and 22<sup>nd</sup> March 2018.



The details of the meetings of the Special Committee for Monitoring of Large Value Frauds attended by the Members during the year 2017-18, are given below:

Name of the Members	Attendance	Sitting fees
Prof. Samir Barua	5/5	2,50,000
Smt. Shikha Sharma <sup>@</sup>	4/5	—
Shri Rakesh Makhija	5/5	2,50,000
Shri B. Baburao <sup>@</sup>	4/5	2,00,000
Shri Rajesh Dahiya <sup>@</sup>	4/5	—

(in ₹)

No meeting of the Committee was conducted through video conference.

<sup>@</sup> Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.

## (7) Customer Service Committee

The Customer Service Committee of the Board of Directors of the Bank (Customer Service Committee) comprises of 3 Members out of which 1 is an Independent Director. The Members are Shri Som Mittal, Independent Director (Chairman), Shri B. Baburao, Non-Executive Director and Shri Rajiv Anand, Executive Director (Retail Banking) of the Bank.

The terms of reference of the Customer Service Committee, are as under:

- i) Overseeing the functioning of the Bank's Standing Committee on Customer Service.
- ii) To review the level of customer service in the Bank including customer complaints and the nature of their resolutions.
- iii) Provide guidance in improving the customer service level / customer care aspects in the Bank.
- iv) Review awards given by the Banking Ombudsman in respect of a complaint filed by any customer with the Ombudsman and also to review awards remaining unimplemented for more than three months with the reason(s) thereof.
- v) To ensure that the Bank provides and continues to provide, best-in-class service across all its category of customers which will help it 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 operation of his account, the product approval process with a view to its suitability and appropriateness, the annual survey of depositor satisfaction and the triennial audit of such services.
- vii) The Committee could also examine any other issues having a bearing on the quality of customer service being rendered by the Bank including the root cause analysis of the Complaints being made.
- viii) To ensure implementation of the directives issued by the RBI, from time to time, with respect to rendering services to customers of the Bank.
- ix) To review the customer complaints received against subsidiaries of the Bank.
- x) To review the status of providing ramp facility at the branches of the Bank, for the benefit of the disabled customers of the Bank to access the branch and conduct banking transactions without any difficulties and to review the status of implementation of recommendations made by the Committee for providing other services for the benefit of physically disabled customers of the Bank.
- xi) To review the progress made by the Bank relating to converting all existing ATMs as talking ATMs with Braille keypads for the benefit of blind customers.

- xii) To review the details of claims received pertaining to deceased depositors / locker-hirers / depositors of safe custody article accounts and those pending beyond the stipulated period and reasons thereof.

In all, 5 meetings of the Customer Service Committee were held during the Financial Year 2017-18 i.e. on 3<sup>rd</sup> April 2017, 25<sup>th</sup> April 2017, 26<sup>th</sup> July 2017, 17<sup>th</sup> October 2017 and 23<sup>rd</sup> January 2018. The details of the meetings of the Customer Service Committee attended by the Members during the year 2017-18, are given below:

Name of the Members	Attendance	Sitting fees (in ₹)
Shri Som Mittal	5/5	2,50,000
Shri B. Baburao <sup>@</sup>	4/5	2,00,000
Shri Rajiv Anand	5/5	—

The meeting held on 3<sup>rd</sup> April 2017 was conducted through video conference.

<sup>@</sup> Leave of absence was granted to the concerned Member who had expressed his inability to attend the respective meeting.

## (8) IT Strategy Committee

The IT Strategy Committee of the Board of Directors of the Bank (IT Strategy Committee) comprises of 5 Members out of which 2 are Independent Directors. The Members are Shri Som Mittal, (Chairman) and Shri Prasad R. Menon, Independent Directors, Smt. Shikha Sharma, Managing Director & CEO, Shri V. Srinivasan, Deputy Managing Director and Shri Rajiv Anand, Executive Director (Retail Banking) of the Bank.

The terms of reference of the IT Strategy Committee, are as under:

- i) Approving IT strategy and policies.
- ii) Ensuring that management has an effective IT strategic planning process in place.
- iii) Ensuring and ratifying that the business strategy is aligned with the IT strategy.
- iv) Ensuring 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) Monitoring 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) Ensuring proper balance of IT investments for sustaining Bank's growth.
- viii) Assess exposure to IT risks and its controls and evaluating effectiveness of management's monitoring of IT risks.
- ix) Assessing management's performance in implementing IT strategies.
- x) Assessing if IT architecture has been designed to derive maximum business value.
- xi) Reviewing IT performance measurement and contribution to businesses.
- xii) To approve capital and revenue expenditure in respect of IT procurements.
- xiii) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- xiv) Assessing Senior Management's performance in implementing IT strategies.
- xv) Overseeing the aggregate funding of IT at a bank-level and ascertaining if the management has resources to ensure the proper management of IT risks.





- xvi) Ensuring that the IT organizational structure complements the business model and its direction.
- xvii) Review the activities of the IT Steering Committee.
- xviii) Reviewing strategy for addressing cyber security risks and review of related issues.
- xix) Review of the IT related frauds, if any.

In all, 7 meetings of IT Strategy Committee were held during the Financial Year 2017-18 i.e. on 15<sup>th</sup> June 2017, 12<sup>th</sup> September 2017, 9<sup>th</sup> November 2017, 18<sup>th</sup> December 2017, 23<sup>rd</sup> January 2018, 15<sup>th</sup> March 2018 and 22<sup>nd</sup> March 2018.

The details of the meetings of the IT Strategy Committee attended by the Members during the year 2017-18, are given below:

(in ₹)		
<b>Name of the Members</b>	<b>Attendance</b>	<b>Sitting fees</b>
Shri Som Mittal	7/7	3,50,000
Shri Prasad R. Menon	7/7	3,50,000
Smt. Shikha Sharma <sup>@</sup>	6/7	—
Shri V. Srinivasan <sup>@</sup>	4/7	—
Shri Rajiv Anand <sup>@</sup>	6/7	—

The meeting held on 18<sup>th</sup> December 2017 was conducted through video conference

<sup>@</sup> Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.

## (9) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Board of Directors of the Bank (CSR Committee) comprises of 3 members out of which 1 is an Independent Director. The Members are Shri Som Mittal, Independent Director (Chairman), Shri Rajesh Dahiya, Executive Director (Corporate Centre) and Shri Rajiv Anand, Executive Director (Retail Banking) of the Bank.

The terms of reference of CSR Committee, are as under:

- i) Formulating and recommending to the Board, the Corporate Social Responsibility (CSR) strategy of the Bank including the CSR Policy, its implementation and review such that the Bank's social, environmental and economic activities are aligned.
- ii) Reviewing and approving, 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.
- iii) Recommending the amount of expenditure to be incurred on the CSR activities in accordance with Section 135(5) of the Companies Act, 2013.
- iv) Review and monitor the compliance of initiatives undertaken and evaluate performance of the activities against the agreed targets.
- v) Conduct an impact assessment of the various initiatives undertaken in terms of the CSR Policy of the Bank at periodic intervals.
- vi) Instituting a transparent monitoring mechanism for ensuring implementation of the projects / programs / activities proposed to be undertaken by the Bank.

- vii) Reviewing and recommending the annual CSR report for the Board's approval and for public disclosure.
- viii) Performing such other duties with respect to CSR activities, as may be required to be done by the Bank 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 in the annexure to the Directors' report.

In all, 4 meetings of CSR Committee were held during the Financial Year 2017-18 i.e. on 15<sup>th</sup> June 2017, 13<sup>th</sup> September 2017, 18<sup>th</sup> December 2017 and 15<sup>th</sup> March 2018.

The details of the CSR Committee meetings attended by the Members during the year 2017-18, are given below:

(in ₹)		
<b>Name of the Members</b>	<b>Attendance</b>	<b>Sitting fees</b>
Shri Som Mittal	4/4	2,00,000
Shri Rajesh Dahiya	4/4	—
Shri Rajiv Anand	4/4	—

No meeting was conducted through video conference.

## (10) Review Committee

The Review Committee of the Board of Directors of the Bank (Review Committee) comprises of 3 members out of which 2 are Independent Directors. The Members are Smt. Shikha Sharma, Managing Director & CEO (Chairperson), Shri S. Vishvanathan and Smt. Ketaki Bhagwati, Independent Directors of the Bank.

Shri V. Srinivasan, Deputy Managing Director of the Bank stepped down as a Member of the Review Committee w.e.f. 11<sup>th</sup> July 2017.

The terms of reference of the Review Committee, are as under:

- i) To review and confirm the Order(s) passed by the said Internal Committee identifying a borrower as a Wilful Defaulter, in terms of Para 3 (c) of the RBI Master Circular No. RBI/2015-16/100 DBR.No.CID. BC.22/20.16.003/2015-16 dated 1<sup>st</sup> July 2015.
- ii) To review and confirm the Order(s) passed by the said Internal Committee identifying a borrower as a Non-cooperative borrower, in terms of Para 2 (d) of RBI Circular No. RBI/2014-15/362 DBR.No.CID. BC.54/20.16.064/2014-15 dated 22<sup>nd</sup> December 2014.
- iii) To review the information relating to the Non-cooperative borrowers to be submitted to Central Repository of Information on Large Credits (CRILC).

In all, 3 meetings of Review Committee were held during the Financial Year 2017-18 i.e. on 24<sup>th</sup> July 2017, 11<sup>th</sup> August 2017 and 20<sup>th</sup> September 2017.

The details of the meetings of the Review Committee attended by the Members during the year 2017-18, are given below:



(in ₹)

Name of the Members	Attendance	Sitting fees
Smt. Shikha Sharma	3/3	—
Shri S. Vishvanathan	3/3	1,50,000
Smt. Ketaki Bhagwati	3/3	1,50,000
Shri V. Srinivasan (ceased to be a Member w.e.f. 11 <sup>th</sup> July 2017)	0/0	—

The meeting held on 20<sup>th</sup> September 2017 was conducted through video conference.

## (11) Acquisitions, Divestments and Mergers Committee

The Acquisitions, Divestments and Mergers Committee of the Board of Directors of the Bank (ADAM Committee) comprises of 4 Members out of which 3 are Independent Directors. The Members are Shri Prasad R. Menon, Independent Director (Chairman), Smt. Shikha Sharma, Managing Director & CEO, Shri Rohit Bhagat and Shri Rakesh Makhija, Independent Directors of the Bank.

The terms of reference of ADAM Committee, are as under:

The main function of the Committee is to discuss and consider any idea or proposal for merger and acquisition. This Committee will consider and give its in-principle approval in the matter and the proposal will then be placed before the Board of Directors for its final decision.

- i) Strategic investments are distinct from financial investments. The basic parameters for defining such investments are:
  - 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. (However, these would exclude cases where the stake is acquired under a loan-restructuring / CDR arrangement or where shares are pledged to the Bank against credit facilities).
- ii) Strategic divestments
  - Sale of an existing business of the Bank (as distinct from the sale of assets in the normal course of business such as sale of loans / investment portfolios, sale of assets to ARCs and fixed assets).
- iii) Acquisition of business
  - Business takeover / acquisition as distinct from portfolio or asset purchase (As distinct from the normal purchase of loans/investment portfolios, purchase of assets etc. If the purchase of a portfolio is accompanied by other integral elements of the business such as manpower, technology or a distribution franchise, a reference should be made to the Committee).
- iv) Sale of stake (including minority stake) in strategic investments/ subsidiaries.

In all, 5 meetings of ADAM Committee were held during the Financial Year 2017-18 i.e. on 24<sup>th</sup> July 2017, 11<sup>th</sup> August 2017, 16<sup>th</sup> October 2017, 7<sup>th</sup> December 2017 and 23<sup>rd</sup> March 2018.

The details of the meetings of the ADAM Committee attended by the Members during the year 2017-18, are given below:

(in ₹)

Name of the Members	Attendance	Sitting fees
Shri Prasad R. Menon	5/5	2,50,000
Smt. Shikha Sharma	5/5	—
Shri Rohit Bhagat	5/5	2,50,000
Shri Rakesh Makhija	5/5	2,50,000

The meeting held on 7<sup>th</sup> December 2017 was conducted through video conference.

## (12) Committee of Whole-Time Directors

The Committee of Whole-Time Directors of the Board of Directors of the Bank (COWTD) comprises of 4 Members. The Members are Smt. Shikha Sharma, Managing Director & CEO (Chairperson), Shri V. Srinivasan, Deputy Managing Director, Shri Rajiv Anand, Executive Director (Retail Banking) and Shri Rajesh Dahiya, Executive Director (Corporate Centre) of the Bank.

The terms of reference of COWTD, are as under:

- i) Issuance of Power of Attorney to various officials of the Bank.
- ii) Allotment of equity shares under ESOP scheme.
- iii) Issue of Duplicate Share Certificates in Lieu of original Share Certificates Lost / Misplaced.
- iv) Annual Branch Expansion Plan approved by the Board: Substitution of Branch Centres / New Specialised & CPC / Service Branches / Rural Unbanked Centre.
- v) Review of the Security measures in branches and ATMs.
- vi) Interest Rates on Deposits.
- vii) Investments / Disinvestments in SLR securities & Derivatives deals during the month.
- viii) Review of Non SLR activities for the month.
- ix) Review of the Domestic Funds Management and SLR Investments for the month.
- x) Correspondent Banking Relationship – Opening of Nostro and Vostro Accounts.
- xi) Empanelment/Dis-Empanelment of Broker for FC- INR Option Market Segment, Derivative Segment, Equity and Wholesale Debt Market Segment.
- xii) Quarterly report on Customer Service for Exporters.
- xiii) Money Market Operations – Deals through approved brokers.
- xiv) Modification/ Changes in Service Charges.
- xv) Reporting of the Debenture Trustee Activities.
- xvi) To apply for registration of the Company with various authorities of any State or Centre including sales tax authorities, income tax authorities, shops & establishment authorities and to do or perform all matters relating to the above.
- xvii) To authorise persons to represent the Bank at General Meetings of any company, association of persons, cooperative society or any institution, of which the Bank is a shareholder/member.
- xviii) To authorise employee(s) or others to execute, for and on behalf of the Bank, agreements, applications, deeds, documents and any other writings in connection with the business of the Bank.
- xix) Appointment of Trustees for Employees Welfare Trust, Employees Group Gratuity Assurance Scheme, Provident Fund, Employees Superannuation Scheme of the Bank.
- xx) Approval of On-Boarding of Co-operative Banks.
- xxi) Approval/Ratification of Risk Policies of Overseas Branches.
- xxii) Setting up/Enhancement of New Counterparty Exposure Limits - under Exception Route.
- xxiii) To review status of events escalated.



- xxiv) Any other matter as may be authorised by the Board of Directors/Board Level Committees or required to be done pursuant to any laws, rules, regulations or any internal circular of the Bank.
- xxv) Any other routine administrative matters.
- xxvi) To review and approve the Early Retirement Option Scheme to be offered to Whole-Time Directors and Employees of the Bank.
- xxvii) Reviewing Rupee Drawing Arrangement (RDA) with Non-Resident Exchange Houses;
- xxviii) Reviewing Status Report on Stock Audit conducted
- xxix) To ratify Credit appraisal cases with rating below AB- BBB+;
- xxx) To approve the Bank's Sustainability Framework and review the Bank's Sustainability Performance including public disclosures in the form of Sustainability Report and any other such sustainability disclosures.
- xxxi) Approve the allotment of Debt securities issued by the Bank, including, but not limited to long term bonds, green bonds, non-convertible debentures, perpetual debt instruments, Tier II Capital Bonds or such other debt securities as may be permitted under the RBI guidelines, from time to time, in domestic and/or overseas market, in one or more tranches, on a private placement basis or in such manner as may be permitted by RBI.
- xxxii) Approve the allotment of any other Securities issued by the Bank.

In all, 11 meetings of COWTD were held during the Financial Year 2017-18 i.e. on 10<sup>th</sup> May 2017, 15<sup>th</sup> June 2017, 11<sup>th</sup> August 2017, 28<sup>th</sup> September 2017, 30<sup>th</sup> October 2017, 27<sup>th</sup> November 2017, 12<sup>th</sup> December 2017, 18<sup>th</sup> December 2017, 29<sup>th</sup> January 2018, 19<sup>th</sup> February 2018 and 26<sup>th</sup> March 2018. No sitting fees are paid to the Members of the COWTD, for participating in the said meetings.

The details of the COWTD meetings attended by the Members during the year 2017-18, are given below:

(in ₹)		
<b>Name of the Members</b>	<b>Attendance</b>	<b>Sitting fees</b>
Smt. Shikha Sharma <sup>@</sup>	10/11	—
Shri V Srinivasan	11/11	—
Shri Rajiv Anand <sup>@</sup>	10/11	—
Shri Rajesh Dahiya <sup>@</sup>	9/11	—

<sup>@</sup> Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.

### Special Meeting of Independent Directors

During the year under review, the Independent Directors of the Bank met on 27<sup>th</sup> April 2017 and 22<sup>nd</sup> January 2018 without the presence of the Non-Independent Directors and Members of the Senior Management of the Bank.

At the said meetings, the Independent Directors of the Bank inter alia reviewed the performance of the Non-Independent Directors and the Board as a whole, reviewed the performance of the Chairman of the Bank taking into account the views of the Executive and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Management and the Board which is necessary for them to effectively and reasonably perform their duties.

No sitting fees were paid to the Independent Directors of the Bank for participating in the said meetings.

### Remuneration Policy

The Bank has formulated and adopted a Comprehensive Remuneration Policy for its Directors, Key Managerial Personnel and Employees of the Bank, in terms of Section 178 of the Companies Act, 2013, the relevant Rules made thereunder, Regulation 19 of the Listing Regulations and the Guidelines issued by the RBI, in this regard, from time to time. The said policy was reviewed and approved by the Board of Directors of the Bank at its meeting held on 25<sup>th</sup> July 2017.



The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure that both internal and external equity are in line with the emerging market trends.

The Bank strives to ensure that the compensation practices are in line with the extant compensation regulations as applicable. The remuneration paid to all the employees is in accordance with the said Policy of the Bank.

## Remuneration of Directors

- i. Dr. Sanjiv Misra was appointed as the Non-Executive (Part-time) Chairman of the Bank, for a period of three years, with effect from 18<sup>th</sup> July 2016. The details of remuneration paid to Dr. Sanjiv Misra, in terms of the approvals granted by the Reserve Bank of India and the Shareholders of the Bank for the Financial year 2017-18, are as under:

For the period	1 <sup>st</sup> April 2017 up to 17 <sup>th</sup> July 2017	18 <sup>th</sup> July 2017 up to 31 <sup>st</sup> March 2018
Remuneration	₹2,50,000 per month	₹2,75,000 per month
Company Car	Free use of Bank's Car for official and private purposes	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	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	As payable to other Non- Executive Directors

- ii. Smt. Shikha Sharma was re-appointed as the Managing Director & CEO of the Bank, for a period of three years, w.e.f. 1<sup>st</sup> June 2015. The Board of Directors of the Bank had approved the revision in the remuneration payable to Smt. Shikha Sharma as the Managing Director & CEO of the Bank, for the period from 1<sup>st</sup> June 2017 to 31<sup>st</sup> May 2018, which was approved by the RBI and the Shareholders of the Bank. The details of remuneration paid to Smt. Shikha Sharma during the year under review, in terms of the approvals granted by the RBI and the Shareholders of the Bank, are given below in sub-para vii.

Smt. Shikha Sharma was granted 78,40,000 options, in various tranches under the various Employee Stock Option Schemes of the Bank, since 1<sup>st</sup> June 2009 being the date of her appointment as the Managing Director & CEO of the Bank. Out of the above, 63,10,000 options have been vested, 39,75,000 options have been exercised and the balance 23,35,000 options remain unexercised, as on 31<sup>st</sup> March 2018. Further, 15,30,000 options remain unvested, as on 31<sup>st</sup> March 2018.

- iii. Shri V. Srinivasan was appointed as the Deputy Managing Director of the Bank for a period of 3 years, w.e.f. 21<sup>st</sup> December 2015. The Board of Directors of the Bank had approved the revision in the remuneration payable to Shri V. Srinivasan as the Deputy Managing Director of the Bank, for the period from 1<sup>st</sup> June 2017 to 31<sup>st</sup> May 2018, which was approved by the RBI and the Shareholders of the Bank. The details of the remuneration paid to Shri V. Srinivasan during the year under review, in terms of the approvals granted by the RBI and the Shareholders of the Bank, are given below in sub-para vii.

Shri V. Srinivasan was granted 38,75,000 options, in various tranches under the various Employee Stock Option Schemes of the Bank, since 7<sup>th</sup> September 2009 being the date of his appointment as the Executive Director & Head (Corporate Banking) of the Bank. Out of the above, 30,25,000 options have been vested, 17,50,000 options have been exercised and the balance 12,75,000 options remain unexercised, as on 31<sup>st</sup> March 2018. Further, 8,50,000 options remain unvested, as on 31<sup>st</sup> March 2018.

- iv. Shri Rajiv Anand was appointed as the Executive Director (Retail Banking) of the Bank, for a period of 3 years w.e.f. 4<sup>th</sup> August 2016. The Board of Directors of the Bank had approved the revision in the remuneration payable to Shri Rajiv Anand as the Executive Director (Retail Banking) of the Bank, for the period from 1<sup>st</sup> June 2017 to 31<sup>st</sup> May 2018, which was approved by the RBI and the Shareholders of the Bank. The details of remuneration paid to Shri Rajiv Anand during the year under review, in terms of the approval granted by the RBI and the Shareholders of the Bank, are given below in sub-para vii.

Shri Rajiv Anand was granted 19,20,000 options, in various tranches under the various Employee Stock Option Schemes of the Bank, since 30<sup>th</sup> March 2009 being the date of his appointment as the Managing Director & CEO of Axis Asset Management Company Limited, subsidiary of the Bank. Out of the above, 13,64,000 options have been vested, 8,25,000 options have been exercised and the balance 5,39,000 options remain unexercised, as on 31<sup>st</sup> March 2018. Further, 5,56,000 options remain unvested, as on 31<sup>st</sup> March 2018.



- v. Shri Rajesh Dahiya was appointed as the Executive Director (Corporate Centre) of the Bank, for a period of 3 years w.e.f. 4<sup>th</sup> August 2016. The Board of Directors of the Bank had approved the revision in the remuneration payable to Shri Rajesh Dahiya as the Executive Director (Corporate Centre) of the Bank, for the period from 1<sup>st</sup> June 2017 to 31<sup>st</sup> May 2018, which was approved by the RBI and the Shareholders of the Bank. The details of remuneration paid to Shri Rajesh Dahiya during the year under review, in terms of the approval granted by the RBI and the Shareholders of the Bank, are given below in sub-para vii.

Shri Rajesh Dahiya was granted 11,67,500 options, in various tranches under the various Employee Stock Option Schemes of the Bank, since 1<sup>st</sup> June 2010 being the date of his appointment as the President (Human Resources) of the Bank. Out of the above, 6,85,000 options have been vested, 3,77,000 options have been exercised and the balance 3,08,000 options remain unexercised, as on 31<sup>st</sup> March 2018. Further, 4,82,500 options remain unvested, as on 31<sup>st</sup> March 2018.

- vi. The Bank does not grant Stock Options to its Non-Executive Directors. The Non-Executive Directors of the Bank are eligible to receive sitting fees for the meetings of the Board / Committees, attended by them and to Profit Linked Commission (except for Non-Executive (Part-Time) Chairman), in terms of the RBI circular dated 1<sup>st</sup> June 2015 on Guidelines on Compensation of Non-executive Directors of Private Sector Banks.
- vii. The Whole-Time Directors of the Bank are not entitled to receive any sitting fee from the Bank or from its Subsidiary Companies.

The details of remuneration paid to the Whole-Time Directors of the Bank during the financial year 2017-18, in terms of the approval(s) granted by the RBI and the Shareholders of the Bank, are as under:

(in ₹)

	<b>Smt. Shikha Sharma</b>	<b>Shri V. Srinivasan</b>	<b>Shri Rajiv Anand</b>	<b>Shri Rajesh Dahiya</b>
Salary (Basic)	2,90,97,336	2,06,14,000	1,51,94,698	1,33,57,954
Leave Fare Concession facility	14,76,000	6,05,004	5,49,996	5,49,996
House Rent Allowance	97,05,336	51,52,000	50,14,248	-
Deferred Variable pay (for 2013-14 and 2014-15)	44,09,897	11,62,855	-	-
Superannuation Allowance / Fund	10% of Basic pay (fund contribution)	20,61,400	15,19,467	13,35,793
Perquisites (excluding ESOP)	32,08,204	10,83,946	20,86,639	21,91,364
Provident Fund (Bank Contribution)	12 % of Basic Pay	12 % of Basic Pay	12 % of Basic Pay	12 % of Basic Pay
Gratuity	One month's salary for each completed year of service	One month's salary for each completed year of service	One month's salary for each completed year of service	One month's salary for each completed year of service

Perquisites (evaluated as per Income Tax Rules, 1962, wherever applicable, or otherwise at actual cost to the Bank) such as 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.

Whilst the approval of the RBI for revision in the remuneration payable to the Managing Director & CEO, the Deputy Managing Director and the Whole-time Directors of the Bank for the period 1<sup>st</sup> June 2017 to 31<sup>st</sup> May 2018 and for grant of stock options has been received, the approval for payment of variable pay for the financial year 2016-17, to the said Directors of the Bank, is awaited.

The Bank does not pay any severance fees to its Managing Director & CEO or to its Whole-Time Directors. The tenure of the office of the Managing Director & CEO and the Whole-time Directors of the Bank is effective for a period of three years from date of their respective appointment and/or as approved by the RBI and the same can be terminated by either party by giving three months' notice in writing.

- viii. All the Non-Executive Directors of the Bank were paid sitting fees of ₹1,00,000 for every meeting of the Board and ₹50,000 for every meeting of the Committee of the Board attended by them. The details of the sitting fees paid to the Non-Executive Directors of the Bank during the financial year 2017-18, are as under:

(in ₹)

Name of Director	Sitting Fees
Dr. Sanjiv Misra	12,00,000
Shri V. R. Kaundinya (Term expired w.e.f. the close of business hours on 11 <sup>th</sup> October 2017)	7,50,000
Shri Prasad R. Menon	24,00,000
Prof. Samir K. Barua	22,50,000
Shri Som Mittal	16,00,000
Shri Rohit Bhagat	18,00,000
Smt. Usha Sangwan <sup>@</sup>	6,00,000
Shri S. Vishvanathan	22,50,000
Shri Rakesh Makhija	25,00,000
Smt. Ketaki Bhagwati	20,00,000
Shri B. Baburao <sup>@</sup>	19,50,000
Shri Stephen Pagliuca [appointed as an Additional Non-Executive (Nominee) Director w.e.f. 19 <sup>th</sup> December 2017]	2,00,000
<b>Total</b>	<b>1,95,00,000</b>

<sup>@</sup>The sitting fees paid to Smt. Usha Sangwan (Nominee Director – LIC) and Shri B. Baburao (Nominee Director – SUUTI) for attending the meetings of the Board / Committees thereof, have been credited to the bank account of LIC and SUUTI, respectively.

As on 31<sup>st</sup> March 2018, none of the Non-Executive Directors of the Bank held any equity shares of the Bank.

- ix. The following Non-Executive Directors of the Bank were eligible for Profit Linked Commission, for the financial year 2016-17, in terms of the RBI Circular No.DBR. No.BC.97/29.67.001/2014-15 dated 1<sup>st</sup> June 2015 on Guidelines on Compensation of Non-Executive Directors of Private Sector Banks, which was paid to them during the financial year 2017-18, detailed as under:

(in ₹)

Name of Director	Profit Linked Commission
Dr. Sanjiv Misra <sup>#</sup>	1,83,562
Shri V. R. Kaundinya	10,00,000
Shri Prasad R. Menon	10,00,000
Prof. Samir K. Barua	10,00,000
Shri Som Mittal	10,00,000
Shri Rohit Bhagat	10,00,000
Smt. Usha Sangwan <sup>@</sup>	10,00,000
Shri S. Vishvanathan	10,00,000
Shri Rakesh Makhija	10,00,000
Smt. Ketaki Bhagwati	10,00,000
Shri B. Baburao <sup>@</sup>	10,00,000
<b>Total</b>	<b>1,01,83,562</b>

<sup>#</sup> The profit linked commission was paid to Dr. Sanjiv Misra in his capacity as an Independent Director of the Bank, for the period from 12<sup>th</sup> May 2016 to 17<sup>th</sup> July 2016 (both days inclusive).

<sup>@</sup> The profit linked commission paid to Smt. Usha Sangwan (Nominee Director – LIC) and Shri B. Baburao (Nominee Director – SUUTI) have been credited to the bank account of LIC and SUUTI, respectively.



## Evaluation of Board's Performance

The performance evaluation of the Board as a whole as well as that of its Committees, Independent Directors and Non Independent Directors and Chairman of the Board was done in accordance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder and the Listing Regulations relating to Corporate Governance.

The NRC reviews and advises the criteria for such evaluation process and oversees the performance evaluation. Pursuant to the recommendation of the NRC, the Board has adopted a formal mechanism for evaluating the performance of its Committees, Individual Directors including the Independent Directors and Non-Independent Directors, the Chairman of the Board and the Board as a whole.

The Bank had engaged the services of an external agency for setting the methodology and determining the process of such evaluation and advising the Board on the measures pursuant to outcome of such evaluation.

The said evaluation was conducted on the various aspects of the Board's functioning such as Strategic alignment and direction, Engagement alignment, Composition & structure, Dynamics & culture, Ethical leadership & corporate citizenship, Board support, Performance of key Committees, Self-evaluation and Attendance.

## Familiarisation Programme for Independent Directors

The Bank has conducted the familiarisation programme for its Independent and Non-Executive Directors covering the matters as specified under Regulation 25 (7) of the Listing Regulations. The details of the same have been uploaded on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/compliance-report>.

## Induction Programme for new Directors

The new Directors are inducted through one to one meetings with the Managing Director & CEO, Whole-time Directors and other members of the Senior Management on issues relating to business strategy, regulatory environment, business plans and key performance indicators. They are also provided with information relating to the finances and operations of the Bank, the organization structure and their roles, duties and responsibilities. On appointment, the Directors are issued a Letter of Appointment setting out the terms and conditions relating to their appointment and their duties and responsibilities under applicable laws.

## Disclosure in terms of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank has formulated and adopted a policy on prevention of sexual harassment at workplace and 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. The Bank believes that all employees, including other individuals who are dealing with the Bank have the right to be treated with dignity.

The following is a summary of sexual harassment complaints received and disposed off by the Bank, during the financial year 2017-2018:

Number of complaints of sexual harassment received during the year - 47

Number of complaints disposed off during the year – 43

Number of cases pending for more than 90 days – 2 (There are two cases which have exceeded the desired TAT).

Please find below a brief explanation for the delay in TAT:

Case 1: The Complainant was not an Axis Bank employee but was appointed by Axis Bank as a trainer. In spite of repeated follow ups by Axis Bank, there was delay by the Complainant's employer to revert with the information requested for examining the case.

Case 2: Show Cause Notice was issued to the Respondent, however he did not attend the personal hearing scheduled. A second chance was provided to the Respondent in which he presented himself in front of the CICC. Thereafter the case was closed.

Number of workshops/awareness programme conducted against sexual harassment carried out – 15

Nature of action taken by the Employer or District Officer – As per the Bank's Staff Rules.

The said Committee takes appropriate action against the employee(s) who have violated the norms prescribed under the Policy, which includes disciplinary action such as issuance of warning letter and in some cases termination of employment depending upon the gravity of the violation.

### **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(9) of the Companies Act, 2013, Rules made thereunder and Regulation 4(2)(d) of the Listing Regulations. The Policy provides an opportunity to address serious concerns arising from irregularities, malpractices and other misdemeanours 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 Chairman of 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 misdemeanours.

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 Chairman of the Audit Committee of the Board and that the Policy contains adequate provisions protecting Whistle blowers from unfair termination and other unfair prejudicial and employment practices.

The Audit Committee of the Board has reviewed, 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 <https://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 a material subsidiary, in terms of Regulation 16(1)(c) of the Listing Regulations. Further, the minutes of the Board meetings of all the unlisted subsidiary companies of the Bank are tabled at the meetings of the Board of Directors of the Bank for its review. Also, the minutes of the Audit Committee meetings of all the unlisted subsidiary companies of the Bank are tabled at the meetings of the Audit Committee of the Bank for its review. The Statement of significant transactions / arrangements, if any, entered into by the unlisted subsidiary companies of the Bank are also tabled at the meetings of the Board of the Bank, for its review.

### **Policy for determining 'Material' Subsidiaries**

As required under Regulation 16(1)(c) of the Listing Regulations, the Bank has formulated and adopted a Policy for determining 'Material' Subsidiaries, which has been hosted on its website at <https://www.axisbank.com/shareholders-corner/corporate-governance/compliance-report>.

### **Policy for Related Party Transactions**

As required under Regulation 23 of the Listing Regulations, the Bank has formulated and adopted a Policy on dealing with Related Party Transactions, which has been hosted on its website at <https://www.axisbank.com/shareholders-corner/corporate-governance/compliance-report> and details thereof have been disclosed in the Annual Report.





## Prevention of Insider Trading

The Board of Directors of the Bank has formulated and adopted the Share Dealing Code – July 2017 (The Code) and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) in line with the standards prescribed under Schedule B of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Insider Trading Regulations).

The Code prohibits all Designated Persons and Other Connected Persons of the Bank from entering into any trade in securities of the Bank during the blackout period(s). The commencement and closure of the blackout period(s) is notified to all Designated Persons and Other Connected Persons through e-mail and HRMS.

The Code requires Designated Persons to obtain pre-clearance of the Compliance Officer for dealing in the Bank's securities beyond prescribed threshold limits. Further, it prohibits the purchase / sale / transfer etc., of Bank's securities by its Designated Persons, Connected Persons and Other Connected Persons whilst in possession of UPSI relating to the securities of the Bank. The Designated Persons are also prohibited from entering into contra trades on the floor of the Stock Exchange(s) and from dealing in securities of the Bank's Listed Client Companies, during the period(s) notified to them.

The Bank periodically reviews the efficacy of its systems, controls and processes to ensure that access to unpublished price sensitive information relating to its financial results or that of its securities is on a need to know basis. The Bank also reviews its Share Dealing Code to meet regulatory requirements and in line with the prevalent best practices.

## Companies (Amendment) Act 2017

The Companies (Amendment) Bill, 2017, was passed by the Hon'ble Lok Sabha on 27<sup>th</sup> July 2017 and by the Hon'ble Rajya Sabha on 19<sup>th</sup> December 2017, respectively. Whilst, it has received the assent of the President of India on 3<sup>rd</sup> January 2018, the effective dates of various sections covered in the said Bill are being notified by the Ministry of Corporate Affairs. The Bank will adhere to the relevant provisions of the said Act, as applicable.

## Secretarial Standards

The Institute of Company Secretaries of India had revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) with effect from 1<sup>st</sup> October 2017. The Bank is in compliance with the revised secretarial standards.

## New Governance Norms

The Securities and Exchange Board of India (SEBI) had constituted a Committee to review the existing Corporate Governance framework for listed companies in India. The Committee submitted its report to SEBI on 5<sup>th</sup> October 2017. The recommendations which are forward looking have been notified by SEBI on 9<sup>th</sup> May 2018 and on 10<sup>th</sup> May 2018. The Bank endeavours to ensure compliance with the new norms, as applicable.

## (3) DISCLOSURES

There were no related party 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 wherein 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 Exchange(s) or SEBI or other statutory authorities on any matter related to capital markets during the last three years.

## (4) COMPLIANCE

The Bank has complied with all the mandatory requirements as prescribed under the Listing Regulations relating to Corporate Governance.

The Bank has adopted the non-mandatory requirements relating to maintenance of Chairman's Office at the Bank's expense and reimbursement of expenses incurred by its Non-Executive Chairman in performance of his duties, moving towards a regime of financial statements with unmodified audit opinion, separation of the office of the Chairman and Managing Director and the Chief Audit Executive directly reporting to the Audit Committee of the Board.

The Bank has obtained a certificate from M/s S.R. Batliboi & Co. LLP, Chartered Accountants, Mumbai (Registration No. 301003E/E300005) confirming that the Bank has complied with all the mandatory / non-mandatory requirements as stipulated under the Listing Regulations relating to Corporate Governance. The said certificate is enclosed as annexure to the Directors' Report.

## **(5) CODE OF CONDUCT**

The Board has formulated and adopted Code of Conduct and Conflict of Interest Norms in Respect of Board of Directors and the Code of Conduct and Ethics for Senior Management of the Bank.

The said Codes have been hosted on the website of the Bank viz. <https://www.axisbank.com/shareholders-corner/corporate-governance/Compliance-Report>.

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 Codes, is annexed to this Report.



## GENERAL SHAREHOLDER INFORMATION

[Pursuant to Regulation 34(3) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)]

### 24<sup>th</sup> Annual General Meeting

Day/ Date : Wednesday, 20<sup>th</sup> June 2018

Time : 10.00 A.M.

Venue : J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015, Gujarat.

### Financial Year

The Bank follows the financial year starting from 1<sup>st</sup> April to 31<sup>st</sup> March, every year.

### Compliance Calendar

The schedule in respect of the meetings of the Board proposed to be held during the financial year 2018-19 to inter alia review and approve the unaudited / audited financial results of the Bank, in terms of Regulation 33(3)(a), (d) and (f) of the Listing Regulations, is as under:

Purpose	Venue	Tentative Date
Audited Annual Financial Results (standalone and consolidated) for the year ended 31 <sup>st</sup> March 2018	Corporate Office	April/May 2018
Unaudited Financial Results of the Bank for the quarter ending 30 <sup>th</sup> June 2018	Corporate Office	Last week of July 2018
Unaudited Financial Results of the Bank for the quarter / half year ending 30 <sup>th</sup> September 2018	Corporate Office	Last week of October 2018
Unaudited Financial Results of the Bank for the quarter / nine months ending 31 <sup>st</sup> December 2018	Corporate Office	Last week of January 2019
Audited Annual Financial Results (standalone and consolidated) for the year ending 31 <sup>st</sup> March 2019	Corporate Office	Last week of April 2019

After the said financial results of the Bank are reviewed and approved by the Board, the same is disclosed to the Stock Exchange(s) within the prescribed time limits as stipulated under Regulation 30 read with sub-para 4 of Para A of Part A of Schedule III of the Listing Regulations.

### Book Closure

Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014, the Register of Members and the Share Transfer Books of the Bank, will remain closed from Saturday, 2<sup>nd</sup> June 2018 upto Wednesday, 20<sup>th</sup> June 2018 (both days inclusive), for the purpose of 24<sup>th</sup> Annual General Meeting of the Bank.

### Dividend

No dividend has been recommended by the Board of Directors of the Bank for the financial year 2017-18.

### Unclaimed Dividends

Pursuant to the provisions of Section 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the amount of unpaid dividends that are lying unclaimed for a period of 7 consecutive financial years from the date of its transfer to the unpaid dividend account, is liable to be transferred to the Investors' Education & Protection Fund (IEPF). Accordingly, the unclaimed dividend amounting to ₹47,30,544/-, in respect of the financial year 2009-10 was transferred to the IEPF on 9<sup>th</sup> August 2017. Further, please note that the unclaimed dividend in respect of the financial year 2010-11 must be claimed by the concerned shareholders on or before 22<sup>nd</sup> July 2018, failing which it will be transferred to the IEPF, in accordance with the said Rules.

The details of the unclaimed dividends as on 31<sup>st</sup> March 2018 and the last date for claiming the same, prior to its transfer to the IEPF, are as under:

Financial year	No. of Shareholders	Unclaimed dividend as on 31 <sup>st</sup> March 2018 (In ₹)	% to total dividend declared	Total Amount of Dividend Declared (In ₹)	Date of declaration	Last date for claiming dividend prior to its transfer to the IEPF
2010-11	3,837	47,36,998	0.08	5,76,37,96,262	17-06-2011	22-07-2018
2011-12	4,586	53,54,000	0.08	6,62,86,55,136	22-06-2012	27-07-2019
2012-13	3,460	55,78,200	0.07	8,44,07,35,212	19-07-2013	24-08-2020
2013-14	2,726	59,56,080	0.06	9,42,60,65,680	27-06-2014	01-08-2021
2014-15	4,927	77,18,598	0.07	10,92,77,37,331	24-07-2015	29-08-2022
2015-16	6,155	94,96,940	0.08	11,93,76,13,965	22-07-2016	28-08-2023
2016-17	6,472	1,08,61,685	0.09	11,98,58,43,545	26-07-2017	31-08-2024
<b>Total</b>	<b>32,163</b>	<b>4,97,02,501</b>		<b>65,11,04,47,131</b>		

#### Transfer of Underlying Equity Shares in respect of the Unclaimed Dividends to the IEPF Authority Account

Pursuant to the notification of the relevant provisions of Sections 124 and 125 of the Companies Act, 2013 and the relevant provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the unclaimed dividend for the financial year 2009-10 and the underlying equity shares(s) of the Bank, in respect of the said financial year (where the dividends for all the subsequent seven consecutive financial years have not been claimed by the concerned shareholder), were liable to be transferred by the Bank to the designated account of the IEPF Authority in accordance with the said Rules.

Accordingly, pursuant to the notification of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2017, issued by the Ministry of Corporate Affairs on 13<sup>th</sup> October 2017, the Bank has transferred 5,35,446 underlying equity shares of ₹2/- each of the Bank in respect of the said unclaimed dividend, to the designated account of the IEPF Authority.

The unclaimed dividend(s) for the financial year 2009-10 and the said underlying equity shares can be claimed by the concerned shareholder(s) of the Bank from the IEPF Authority, subject to compliance with the procedures as prescribed under the said Rules and they may write to Karvy for any assistance in this regard.

#### Unclaimed Dividends for FY 2010-11 upto 2016-17

The shareholder(s) of the Bank are requested to verify details of their unclaimed dividends in respect of the financial years from 2010-11 upto 2016-17 and lodge their claim with Karvy, before the last date for claiming dividend prior to its transfer to the IEPF, as aforesaid.

In case the unclaimed dividend for the financial year 2010-11 is not claimed on or before 22<sup>nd</sup> July 2018, the said unclaimed dividend along with the underlying equity share(s) of the Bank in respect of the said financial year [where the dividends for all the subsequent seven consecutive financial years have not been claimed by the concerned shareholder] will be liable to be transferred by the Bank to the designated account of the IEPF Authority, in accordance with the said Rules.

#### Unclaimed Equity Shares

Schedule VI of the Listing Regulations, inter alia, requires every listed company to comply with certain procedures in respect of equity shares issued by it in physical form pursuant to a public issue or any other issue and which have remained unclaimed for a period of seven consecutive financial years, for any reason whatsoever.



Details of such unclaimed equity shares of the Bank, are as under:

Particulars	FY 2017-18 ▽	FY 2016-17
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 the issuer for transfer of shares from Unclaimed Suspense Account during the year	1	–
Number of shares transferred to the concerned shareholder from Unclaimed Suspense Account during the year	500	–
Aggregate number of shareholders at the end of the year	1	29
<b>Total outstanding shares in Unclaimed Suspense Account as on 31<sup>st</sup> March 2018.</b>	<b>500*</b>	18,000

\* Pursuant to the notification on IEPF Second Amendment Rules, issued by the Ministry of Corporate Affairs dated 13<sup>th</sup> October 2017, the Bank has transferred 5,35,446 unclaimed equity shares of ₹2 each of the Bank (including the balance 17,000 equity shares of ₹2 each of the Bank which were lying in the Unclaimed Suspense Account) to the designated account of the IEPF Authority, in accordance with the said Rules.

All corporate benefits accruing on the said equity shares viz. bonus shares, split, etc., if any, are also required to be credited to the designated account of the IEPF Authority. Further, voting rights on the said unclaimed equity shares have been frozen till the concerned shareholder(s) claims the same.

#### Equity Shares

The equity shares of the Bank are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The International Security Identification Number (ISIN) in respect of the said equity shares is INE238A01034. The National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) are the Depositories for the equity shares of the Bank. The equity shares of the Bank have not been suspended from trading on the said Stock Exchanges or by any Regulatory / Statutory Authority.

Stock Exchange Codes	Reuters Codes	Bloomberg Codes
NSE – AXISBANK National Stock Exchange of India Limited Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai – 400 051. Website: <a href="http://www.nseindia.com">www.nseindia.com</a>	NSE - AXBK.NS	NSE - AXSB IS
BSE – 532215 BSE Limited 1 <sup>st</sup> Floor, New Trading Ring, Rotunda Building, P. J. Towers, Dalal Street, Fort, Mumbai – 400 001. Website: <a href="http://www.bseindia.com">www.bseindia.com</a>	BSE- AXISBANK.BO	BSE - AXSB IB

#### Global Depository Receipts (GDR)

The Bank's GDRs are listed and traded on London Stock Exchange. The ISIN for the said GDRs is US05462W1099.

Stock Exchange	Code
London Stock Exchange 10 Paternoster Square, London EC4M 7LS, UK Website: <a href="http://www.londonstockexchange.com">www.londonstockexchange.com</a>	AXB

#### Bonds issued under Medium Term Note Programme (MTN Programme)

The Bonds issued by the Bank's MTN programme are listed and traded on Singapore Stock Exchange.



Stock Exchange	Code
Singapore Stock Exchange Singapore Exchange Securities Trading Limited (Attention: SGXNet Services, Operations) 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589 Website: <a href="http://www.sgx.com">www.sgx.com</a>	–

### Listing Fees

The annual listing fees for the financial year 2017-18 have been paid by the Bank to the said Stock Exchanges.

### Debt Securities

The debt instruments issued by the Bank in the form of Additional Tier I, Bond Tier II Debt Capital Instrument and Infrastructure Bonds on a private placement basis are listed on NSE and BSE. The Bonds issued by the Bank under the MTN programme are listed on Singapore Stock Exchange and the Green Bonds issued by the Bank are listed on London Stock Exchange.

### Debenture Trustees

<b>IDBI Trusteeship Services Limited</b> Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001. Phone No. +91 - 22 4080 7000. Website: <a href="http://www.idbitrustee.com">www.idbitrustee.com</a>	<b>SBI Cap Trustee Company Limited</b> 6 <sup>th</sup> Floor, Apeejay House, 3, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020. Phone No. +91 - 22 - 4302 5555. Website: <a href="http://www.sbicaptrustee.com">www.sbicaptrustee.com</a>
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### Market Price Data

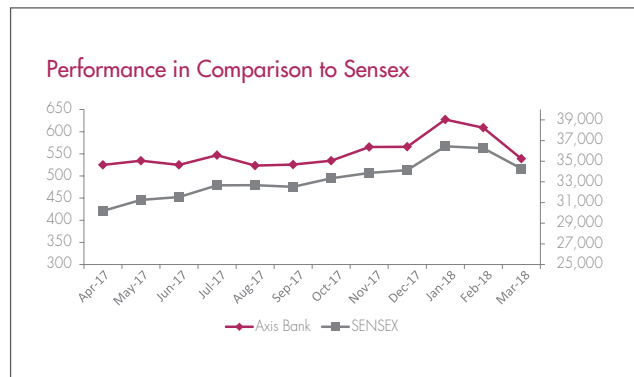
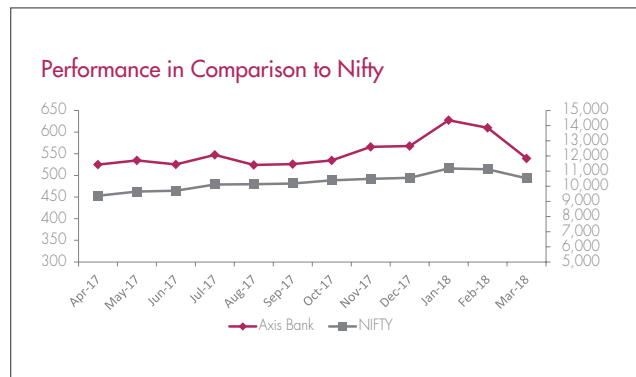
#### **a) Equity Shares**

The price of the Bank's Share - High, Low as traded during the financial year 2017-18 on NSE and BSE, are as under:

Month	NSE			BSE		
	High (₹)	Low (₹)	No. of Shares traded	High (₹)	Low (₹)	No. of Shares traded
April, 2017	525.00	481.00	15,93,66,051	525.00	481.00	1,05,86,435
May, 2017	534.60	490.25	17,54,09,774	534.35	490.10	1,17,86,508
June, 2017	525.35	484.45	11,51,16,059	525.00	484.75	64,28,613
July, 2017	547.50	501.25	14,80,01,611	547.00	501.45	87,18,985
August, 2017	524.05	480.00	12,69,71,719	523.40	480.25	2,09,51,059
September, 2017	526.00	488.30	13,03,35,638	525.65	488.30	47,79,223
October, 2017	534.65	447.50	28,67,76,172	534.40	447.80	1,59,48,117
November, 2017	565.90	523.00	22,14,25,370	565.40	523.05	1,34,43,794
December, 2017	567.85	529.10	10,24,35,138	566.00	528.00	75,04,786
January, 2018	627.60	552.50	14,41,83,345	627.50	552.85	86,67,069
February, 2018	610.00	520.00	12,34,34,817	609.00	521.00	93,08,139
March, 2018	539.20	495.20	16,59,42,618	539.00	495.35	66,20,860



## GRAPH IN COMPARISON TO NIFTY & SENSEX



### b) GDR

The high and low closing prices of the Bank's GDRs as traded during the financial year 2017-18 on the LSE, are as under:

Month	High (In USD)	Low (In USD)	No. of GDRs traded
April, 2017	40.30	37.35	1,52,82,600
May, 2017	41.00	37.65	1,71,47,595
June, 2017	40.45	37.40	97,08,210
July, 2017	42.30	38.75	56,63,695
August, 2017	41.25	37.50	1,00,37,560
September, 2017	40.60	37.95	45,54,955
October, 2017	40.85	34.20	96,63,335
November, 2017	43.80	40.05	51,43,810
December, 2017	44.00	40.85	39,65,760
January, 2018	49.10	43.15	32,49,390
February, 2018	48.00	39.70	47,37,635
March, 2018	41.15	38.00	35,85,500

### Dematerialization of Shares and Liquidity

The equity shares of the Bank are to be compulsorily traded on the floor of the stock exchanges in electronic form by all investors. The Bank has entered into agreements with NSDL and CDSL, so as to provide the Members an opportunity to hold and trade in equity shares of the Bank in electronic form.

As on 31<sup>st</sup> March 2018, 99.73% of the total issued and paid up equity share capital of the Bank was held by investors in electronic form and 0.27% of the total issued and paid up equity share capital was held in physical form.

The number of equity shares of the Bank held in physical form which were transferred / processed during the last three financial years, are as under:

Particulars	2017-18	2016-17	2015-16
Number of transfer deeds	141	135	202
Number of equity shares transferred	34,000	38,500	54,500

As required under Regulation 40(9) of the Listing Regulations, M/s Ahalada Rao. V & Associates, Practicing Company Secretaries, (C. P. No. 11497), Hyderabad 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 issued a certificate confirming compliance with the provisions of the said Regulations. The certificate has been submitted to the BSE and NSE where the Bank's equity shares are listed, in terms of the Listing Regulations and also tabled at the meeting of the Stakeholders Relationship Committee of the Board of Directors of the Bank, for its review and noting.

## Distribution of Shareholding

The distribution of shareholding of the Bank as on 31<sup>st</sup> March 2018, is as under:

No. of shares held	Electronic Form		Physical Form		Total		
	No. of shareholders	No. of shares	No. of shareholders	No. of shares	No. of shareholders	No. of shares	% to capital
1-5,000	3,42,136	6,03,57,666	7,479	64,45,151	3,49,615	6,68,02,817	2.60
5,001-10,000	1,226	88,33,798	23	1,72,800	1,249	90,06,598	0.35
10,001-20,000	650	92,07,065	9	1,24,300	659	93,31,365	0.36
20,001-30,000	242	59,99,848	3	77,000	245	60,76,848	0.24
30,001-40,000	145	50,27,608	0	0	145	50,27,608	0.20
40,001-50,000	115	52,38,676	1	49,500	116	52,88,176	0.21
50,001-1,00,000	273	1,98,44,149	0	0	273	1,98,44,149	0.77
1,00,001 and above	820	2,44,51,61,375	0	0	820	2,44,51,61,375	95.27
<b>Total</b>	<b>3,45,607</b>	<b>2,55,96,70,185</b>	<b>7,515</b>	<b>68,68,751</b>	<b>3,53,122</b>	<b>2,56,65,38,936</b>	<b>100.00</b>

## Shareholding pattern

Category wise shareholding pattern of the Bank as on 31<sup>st</sup> March 2018, is as under:

Sr. No.	Category / Shareholder	No. of Shares held	% of total issued & paid-up Capital
	<b>Promoters</b>		
1	Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	25,32,70,690	9.87
2	Life Insurance Corporation of India (LIC)	34,94,51,108	13.62
3	General Insurance Corporation of India	3,72,50,000	1.45
4	The New India Assurance Company Limited	2,54,03,585	0.99
5	National Insurance Company Limited	21,34,681	0.08
6	The Oriental Insurance Company Limited	63,30,020	0.25
7	United India Insurance Company Limited	26,26,337	0.10
	<b>Foreign Investors</b>		
8	Overseas Investors (including FIIs/OCBs/NRIs)	1,31,64,80,211	51.29
9	Foreign Direct Investment (GDR)	11,53,42,680	4.49
	<b>Domestic Financial Institutions</b>		
10	Financial Institutions / Mutual Funds / Banks / NBFC	24,27,74,995	9.46
11	Others	21,54,74,629	8.40
	<b>Total</b>	<b>2,56,65,38,936</b>	<b>100.00</b>



Top 20 Shareholders of the Bank as on 31<sup>st</sup> March 2018, are as under:

Sr. No.	Name of the Shareholder	No. of Shares held	% to total issued & paid up capital
1.	Life Insurance Corporation of India	34,94,51,108	13.62
2.	Administrator of The SUUTI	25,32,70,690	9.87
3.	The Bank Of New York Mellon, DR	11,53,42,680	4.49
4.	Oakmark International Fund	8,40,27,467	3.27
5.	Dodge and Cox International Stock Fund	7,94,50,400	3.10
6.	Europacific Growth Fund	6,55,87,857	2.56
7.	BC Asia Investments VII Limited - FDI	5,56,00,000	2.17
8.	General Insurance Corporation of India	3,72,50,000	1.45
9.	Integral Investments South Asia IV - FDI	3,19,00,000	1.24
10.	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund	2,85,28,069	1.11
11.	Lazard Emerging Markets Equity Portfolio	2,69,82,778	1.05
12.	ICICI Prudential Life Insurance Company Limited	2,60,34,016	1.01
13.	Centaura Investments (Mauritius) Pte Ltd.	2,55,47,908	1.00
14.	The New India Assurance Company Limited	2,54,03,585	0.99
15.	Government of Singapore	2,46,67,536	0.96
16.	Vanguard Total International Stock Index Fund	2,40,91,148	0.94
17.	Ishares India Index Mauritius Company	2,08,14,778	0.81
18.	Cinnamon Capital Limited	1,93,64,182	0.75
19.	T. Rowe Price International Stock Fund	1,86,53,213	0.73
20.	Government Pension Fund Global	1,55,93,452	0.61
	<b>Total</b>	<b>1,32,75,60,867</b>	<b>51.73</b>

#### Outstanding GDR

The Bank has in the course of international offerings to overseas investors, issued securities linked to ordinary equity shares of the Bank in the form of Global Depository Receipts (GDRs) in March 2005, April 2005, July 2007 and September 2009. The said GDRs are listed for trading on the London Stock Exchange. The underlying equity shares represent outstanding GDRs, which have been included in the equity share capital of the Bank. The number of equity shares representing outstanding GDRs as on 31<sup>st</sup> March 2018 was 11,53,42,680.

Apart from the above, the Bank has not issued any ADRs during the financial year 2017-18.

#### Convertible warrants

During the Financial Year 2017-18, the Bank issued 4,53,57,385 convertible warrants convertible into 4,53,57,385 equity shares at a price of ₹565.00 per warrant on a preferential basis. The convertible warrants have been issued pursuant to receipt of 25% upfront payment consideration from the allottees i.e. ₹141.25 per convertible warrant. The allottees of the convertible warrants can exercise the option to convert one convertible warrant into one equity share of ₹2/- each of the Bank within a period of 18 months from the date of its allotment, i.e. on or before 17<sup>th</sup> June 2019, by paying balance 75% of the consideration i.e. ₹423.75 per convertible warrant. In the event, allottees do not exercise their right to convert the said warrants before the said due date, the said convertible warrants (to the extent not lodged for conversion) shall lapse and the upfront consideration paid by the warrant holders shall stand forfeited by the Bank.

#### Investor Services

##### **Registrar & Share Transfer Agent (RTA)**

Karvy has been entrusted with the task of administering all aspects relating to investor services. Karvy has appropriate systems to ensure that requisite service is provided to the investors of the Bank in accordance with applicable corporate and securities laws and within the adopted service standards. Listed below are the service standards adopted by Karvy in respect of the various services rendered to the investors of the Bank.

Nature of service being rendered to the Investors of the Bank	Adopted Service Standards
Registration of Nomination	5 days
Issue of duplicate dividend warrant(s)	5 days
Revalidation of dividend warrant(s)	5 days
Revalidation of demand draft(s)	5 days
Split/ consolidation of share certificate(s)	7 days
Dematerialization of share(s)	7 days
Transfer of share(s)	7 days
Transmission of share(s)	7 days
Consolidation of folio(s)	7 days
Change/Deletion/Transposition of Name(s)	7 days
Release of unclaimed share(s)	7 days
Re-materialization of share(s)	10 days
Issue of duplicate share certificate(s)	10 days

Investors are requested to write to the Registered Office of the Bank or to Karvy for availing any of the said services. In terms of Regulation 34(3) read with Schedule V of the Listing Regulations, the designated email address for correspondence is shareholders@axisbank.com or einward.ris@karvy.com.

The Company Secretary Department of the Bank has been entrusted with the task of attending to investor queries / complaints and ensure its redressal in accordance with applicable laws and within the aforesaid service standards.

#### Share Transfer System

In terms of Regulation 40(2) of Listing Regulations, the Share Committee of the Bank comprising of the Company Secretary and executives of Company Secretary Department of the Bank has been formed to look into matters relating to transfer of equity shares and matters related thereto. The resolutions passed by the Share Committee are tabled at the ensuing meeting of the Board of Directors of the Bank, for its noting.

#### Investor Grievances

During the year under review, the Bank received 2,821 correspondences from its investors, capital market intermediaries and statutory / regulatory authorities, inter alia, in respect of services relating to the securities issued by the Bank by post and through emails (addressed to designated email address viz. shareholders@axisbank.com and einward.ris@karvy.com).

The details of the investor complaints received and redressed by the Bank during the last 3 financial years, are as under:

Received from	No. of complaints received			No. of complaints unresolved as on 31 <sup>st</sup> March 2018
	2017-18 ▽	2016-17	2015-16	
SEBI SCORES	7	8	12	-
Stock Exchanges	8	1	9	-
NSDL / CDSL	-	-	-	-
MCA and others	-	-	-	-
Total No. of complaints received	15	9	21	-
Total No. of complaints redressed	15	9	21	-

There was no investor complaint that was unresolved as on 1<sup>st</sup> April 2017. All the investor complaints received during the year were resolved and as such there was no investor complaint that was unresolved as on 31<sup>st</sup> March 2018.

The statement highlighting the status of the investor correspondence(s)/complaint(s) received and resolved during the financial year 2017-18 were tabled at the quarterly meetings of the Stakeholders Relationship Committee of Directors of the Bank, for its review and noting.





### Nomination Facility

Section 72 of the Companies Act, 2013, provides that every holder of securities of a company may, at any time nominate, in the prescribed manner, any person to whom his securities shall vest in the event of his death. Where the securities of a company are held by more than one person jointly, the joint holders may together nominate any person to whom all the rights in the securities shall vest in the event of death of all the joint holders.

In view of the above, Shareholders may avail of the Nomination Facility. 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 or to Karvy, for the same.

Please note that the nomination shall be automatically rescinded on transfer / dematerialization of the shares.

### Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

As an Authorised Dealer, the Bank deals with its customers and interbank participants in permitted foreign exchange and derivative products in accordance with the extant RBI guidelines.

All these transactions are subject to Board approved trading risk limits including Net Overnight Open Position limit (NOOP), Intraday Open Position limit, Aggregate Gap Limits (AGL), Value at Risk limits (VaR) and limits on Option Greeks (viz. Delta/Gamma/Vega). The Bank undertakes hedging transactions to mitigate the foreign exchange and interest rate risk on the Bank's Balance Sheet.

The valuation and reporting of all Foreign Exchange and derivative contracts is as per applicable accounting guidelines. The Bank does not undertake trading in any commodity. However, the Bank may be exposed to commodity price risks of customers in its capacity as a lender.

### Green initiatives

#### Dispatch of documents in Electronic Form

In terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, a company may give notice through electronic mode including e-mail to those Members who have provided their e-mail address either to their Depository Participant (DP) or to the Company.

Further, in terms of Regulation 36 of the Listing Regulations, the listed entity is required to send soft copies of its annual report to all those shareholder(s) who have registered their email address(es) for this purpose.

Accordingly, the Notice convening the 24<sup>th</sup> Annual General Meeting, the annual report of the Bank for the financial year 2017-18 and the annexures stated therein will be sent by e-mail to those Members who have registered their e-mail address with their DP or with Karvy.

Members who have not yet registered their e-mail address are requested to do so, at the earliest.

In case of shares held in electronic form and in case of any change in the e-mail address, Members are requested to update the same with their DP and in case of shares held in physical form, Members are requested to update the same with Karvy.

In case a Member, whose email address has changed, fails to update this new e-mail address, the said documents will be sent to the existing e-mail address and the said documents will be deemed to have been delivered, in compliance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder and the Listing Regulations.

However, in case any Member wishes to receive a physical copy of the said documents, he is requested to write to [einward.ris@karvy.com](mailto:einward.ris@karvy.com) or [shareholders@axisbank.com](mailto:shareholders@axisbank.com) duly quoting his DP ID and Client ID or his Folio number, as the case may be, to enable the Bank to record his decision and provide physical copy of the said documents, free of cost.

Please note that the said documents will also be uploaded on the Bank's website viz. [www.axisbank.com](http://www.axisbank.com) and copies thereof will be made available for inspection at the Registered Office of the Bank during business hours on all working days except Saturdays, Sundays, Bank Holidays and Public Holidays up to the date of the ensuing AGM.

We seek your support to the said Green Initiatives, as it is designed to protect our fragile environment.

### Means of Communication

After the financial results of the Bank are approved by the Board of Directors, they are disclosed to the Stock Exchanges, in accordance with Regulation 30 of the Listing Regulations read with sub-para 4 of Para A of Part A of Schedule III of the Listing Regulations. Thereafter, financial results of the Bank and the presentations made by the Senior Management to the Analysts / Investors are uploaded on the Bank's website, [www.axisbank.com](http://www.axisbank.com) in accordance with the Listing Regulations.

The financial results of the Bank are generally published in the Economic Times and Gujarat Samachar or Divya Bhaskar on the day after declaration of the financial results of the Bank.

For the ready reference of the investors of the Bank, a list of frequently asked questions and their answers have been uploaded on website of the Bank at <https://www.axisbank.com/shareholders-corner/investor-faqs>.

### General Body Meetings

The details of the last three Annual General Meetings are as under:

AGM	Date and Day	Time	Location
21 <sup>st</sup>	24 <sup>th</sup> July 2015 – Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad, Gujarat - 380 015.
22 <sup>nd</sup>	22 <sup>nd</sup> July 2016 – Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad, Gujarat - 380 015.
23 <sup>rd</sup>	26 <sup>th</sup> July 2017 – Wednesday	09.30 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad, Gujarat - 380 015.

### Special resolutions passed at previous three Annual General Meetings

The details of the special resolution(s) passed at the previous three Annual General Meetings, are as under:

AGM	Date of AGM	Special Resolution(s)
21 <sup>st</sup>	24 <sup>th</sup> July 2015	Resolution No. 12 - Increase in Borrowing limits of the Bank upto ₹1,50,000 crore under Section 180(1)(c) of the Companies Act, 2013. Resolution No. 13 - Borrowing / Raising funds in Indian Currency / Foreign Currency by issue of debt Instruments including but not limited to bonds and non-convertible debentures on a private placement basis, for an amount of upto ₹35,000 crore. Resolution No. 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.
22 <sup>nd</sup>	22 <sup>nd</sup> July 2016	Resolution No. 18 – Borrowing / Raising funds in Indian/Foreign Currency by issue of debt instruments including but not limited to subordinated debt, senior unsecured long term bonds, green bonds, medium term notes, non-convertible debentures on a private placement basis, for an amount of upto ₹35,000 crore.
23 <sup>rd</sup>	26 <sup>th</sup> July 2017	Resolution No. 11 – Borrowing / Raising funds in Indian/Foreign Currency by issue of debt instruments including but not limited to subordinated debt, senior unsecured long term bonds, green bonds, medium term notes, non-convertible debentures on a private placement basis, for an amount of upto ₹35,000 crore.

### Procedure for Postal Ballot

In compliance with Regulation 44 of the Listing Regulations and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Bank provides electronic voting facility to all its Members. The Bank had engaged the services of Karvy for the said purpose. In terms of the applicable laws, Members have the option to cast their vote either by physical ballot or e-voting.

The Board of Directors of the Bank is required to appoint a Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. The Postal Ballot exercise is 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, as amended.

The Bank dispatches the Postal Ballot Notice and relevant forms along with postage prepaid business reply envelope to those Members whose names appear on the Register of Members / Statements of Beneficial Holders provided by the Depositories as on the cut-off date. The postal ballot notice is also sent in electronic form to those Members whose email address is registered with their DP in case shares are held in electronic form or with Karvy in case shares are held in physical form.



The Bank also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the aforesaid provisions of the Companies Act, 2013 and the said Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the said cut-off date. Members desiring to exercise their votes by physical postal ballot forms are required to return the forms duly completed and signed to the Scrutinizer at the address mentioned in the postage prepaid business reply envelope on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to exercise their vote using the e-voting facility before the close of business hours on the last date of e-voting as set out in the Notice.

The Scrutinizer is required to submit his report to the Chairman, after verification of the records and thereafter the consolidated results of the voting can be declared by any one of the Directors of the Bank, duly authorised by the Board of Directors, in this regard.

Subsequently, the said results alongwith the report of the Scrutinizer is disclosed to the Stock Exchanges within 48 hours of such declaration, in terms of Regulation 44(3) of the Listing Regulations, uploaded on the website of the Bank and displayed on the notice board at the Registered and Corporate Offices of the Bank. The resolution, if passed by requisite majority, shall be deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or e-voting.

#### Resolutions passed by way of Postal Ballot held during the Financial Year 2017-18

No resolution was passed by way of Postal Ballot during the Financial Year 2017-18.

#### Resolutions passed in the Extraordinary General Meeting (EGM) of the Bank held during the Financial Year 2017-18, by means of a Special Resolution:

During the year under review, Extraordinary General Meeting of the Bank was held on 8<sup>th</sup> December 2017, wherein the approval of the Members was sought for the following matters, by means of a special resolution.

- (1) [Resolution No. 1] Issue of : (i) upto 5,56,00,000 Investor 1 Equity Shares of ₹2/- each of the Bank to BC Asia Investments VII Limited (Investor 1) (ii) upto 3,19,00,000 Investor 2 Equity Shares of ₹2/- each of the Bank to Integral Investments South Asia IV (Investor 2) (iii) upto 4,00,00,000 Investor 3 Convertible Warrants to BC Asia Investments III Limited (Investor 3) on a preferential basis in terms of the SEBI (ICDR) Regulations, 2009.
- (2) [Resolution No. 2] Issue of : (i) upto 59,98,000 Investor 4 Equity Shares of ₹2/- each of the Bank to New World Fund, Inc. (Investor 4) (ii) upto 2,26,884 Investor 5 Equity Shares of ₹2/- each of the Bank to Capital Group New World Fund (LUX) (Investor 5) (iii) upto 53,08,000 Investor 6 Equity Shares of ₹2/- each of the Bank to American Funds Insurance Series – International Fund (Investor 6) (iv) upto 4,28,72,967 Investor 7 Equity Shares of ₹2/- each of the Bank to EuroPacific Growth Fund (Investor 7) (v) upto 5,65,899 Investor 8 Equity Shares of ₹2/- each of the Bank to American Funds Insurance Series – International Growth and Income Fund (Investor 8) (vi) upto 27,86,000 Investor 4 Convertible Warrants to New World Fund, Inc. (Investor 4) (vii) upto 1,05,385 Investor 5 Convertible Warrants to Capital Group New World Fund (LUX) (Investor 5) (viii) upto 24,66,000 Investor 6 Convertible Warrants to American Funds Insurance Series – International Fund (Investor 6) on a preferential basis, in terms of the SEBI (ICDR) Regulations, 2009.
- (3) [Resolution No. 3] Issue of upto 3,01,58,889 Promoter Investor Equity Shares of ₹2/- each of the Bank to Life Insurance Corporation of India, (i.e. a promoter of the Bank) (Promoter Investor) on a preferential basis, in terms of the SEBI (ICDR) Regulations, 2009.

The Bank had appointed Shri Raghavendar Rao D., Practicing Company Secretary (Membership No. ACS 35788/C.P. No. 13407) as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

The brief summary of the EGM results in respect of the said special Resolutions, which was declared on 8<sup>th</sup> December 2017, are as under:

#### Resolution No. 1: Issue of Investor 1 Equity Shares, Investor 2 Equity Shares and Investor 3 Convertible Warrants, on a preferential basis

No. of votes in favour	No. of votes against	% of votes in favour	% of votes against
1,94,84,60,378	1,90,08,788	99.03	0.97

Resolution No. 2: Issue of Investor 4 Equity Shares, Investor 5 Equity Shares, Investor 6 Equity Shares, Investor 7 Equity Shares, Investor 8 Equity Shares, Investor 4 Convertible Warrants, Investor 5 Convertible Warrants and Investor 6 Convertible Warrants, on a preferential basis:

No. of votes in favour	No. of votes against	% of votes in favour	% of votes against
1,96,74,66,118	1,558	99.99	0.01

Resolution No. 3: Issue of Promoter Investor Equity Shares, on a preferential basis

No. of votes in favour	No. of votes against	% of votes in favour	% of votes against
1,96,70,65,644	4,03,297	99.98	0.02

Address for correspondence:

Registered Office	Corporate Office	Registrar & Share Transfer Agent (RTA)
Axis Bank Limited [CIN:L65110GJ1993PLC020769] 'Trishul', 3 <sup>rd</sup> Floor, Opp. Samaratheshwar Temple, Law Garden, Ellisbridge, Ahmedabad, Gujarat – 380 006. Tel. No. : +9179-6630 6161 Fax No. : +9179-2640 9321 Email:shareholders@axisbank.com	Axis Bank Limited 'Axis House', C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai, Maharashtra – 400 025. Tel. No. : +9122-2425 2525 Fax No. : +9122-2425 1800 Email:shareholders@axisbank.com	M/s. Karvy Computershare Private Limited Unit: Axis Bank Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana – 500 032. Tel. No. : +91 40-6716 2222 Fax No. : +91 40-2300 1153 Toll Free No. : 1800-345-4001 Email : einward.ris@karvy.com



**COMPLIANCE WITH CODE OF CONDUCT AND CONFLICT OF INTEREST NORMS IN RESPECT OF BOARD OF DIRECTORS AND THE CODE OF CONDUCT AND ETHICS FOR SENIOR MANAGEMENT OF THE BANK FOR THE FINANCIAL YEAR 2017-18**

I confirm that for the year under review, all Directors and Members of the Senior Management of the Bank have affirmed compliance with the Codes as applicable to them.

**Shikha Sharma**  
**Managing Director & CEO**

**Place : Mumbai**  
**Date : 16<sup>th</sup> May 2018**

## Form No. MGT-9

Extract of Annual Return as on the Financial Year ended 31<sup>st</sup> March 2018

[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 Limited by Shares
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: +91-79-6630 6161, Fax: +91-79-2640 9321 Email: shareholders@axisbank.com
vi)	Whether listed company – Yes / No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	<b>Karvy Computershare Private Limited</b> Unit: Axis Bank Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Phone No. : 1800-345-4001 and +91-40-6716 2222 Fax No. : +91-40 - 2300 1153 Email: einward.ris@karvy.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE BANK

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 of the Company	Address	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Axis Capital Limited	Axis House, 8 <sup>th</sup> Floor, Wadia International Centre Pandurang Budhkar Marg, Worli, Mumbai - 400 025	U51900MH2005PLC157853	Subsidiary	99.99%	2(87)(ii)
2	Axis Private Equity Limited	Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025	U66020MH2006PLC165039	Subsidiary	99.99%	2(87)(ii)
3	Axis Trustee Services Limited	Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025	U74999MH2008PLC182264	Subsidiary	99.99%	2(87)(ii)
4	Axis Asset Management Company Limited	Axis House, 1 <sup>st</sup> Floor, C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025	U65991MH2009PLC189558	Subsidiary	74.99%	2(87)(ii)
5	Axis Mutual Fund Trustee Limited	Axis House, 1 <sup>st</sup> Floor, C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025	U66020MH2009PLC189325	Subsidiary	74.86%	2(87)(ii)
6	Axis Finance Limited	Axis House, Ground Floor, Wadia International Centre, Worli, Mumbai - 400 025	U65921MH1995PLC212675	Subsidiary	99.99%	2(87)(ii)





Sr. No.	Name of the Company	Address	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
7	Axis Securities Limited	Axis House, 8 <sup>th</sup> Floor, Wadia International Centre Pandurang Budhkar Marg, Worli, Mumbai - 400 025	U74992MH2006PLC163204	Subsidiary	99.99%	2(87)(ii)
8	Axis Bank UK Limited	4 Chilswell street, 1 <sup>st</sup> Floor, London England, EC1Y 4 UP	Foreign Company (07554558)	Subsidiary	100%	2(87)(ii)
9	A.TREDS Limited	Axis House, C-2 Wadia International Centre, P B Marg, Worli, Mumbai - 400 025	U74999MH2016PLC281452	Subsidiary	67%	2(87)(ii)
10	Freecharge Payment Technologies Private Limited	Ground Floor, Plot No. 68 Okhla Industrial Estate, Phase-III New Delhi South Delhi -110 020	U74140DL2015PTC275419	Subsidiary	100%	2(87)(ii)
11	Accelyst Solutions Private Limited	2 <sup>nd</sup> Floor, unit no. 205-206, Plot no. 1 Vaibhav Chambers, Bandra Kurla Complex Mumbai - 400 051	U72900MH2008PTC185202	Subsidiary	100%	2(87)(ii)
12	Axis Capital USA, LLC.	1675 South State Street, Suite B, Dover, County of Kent, Delaware -19901	Foreign Company	Step down Subsidiary	100% held by Axis Capital Limited	2(87)(ii)

#### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### i) Category-wise Share Holding

Category Code	Category of Shareholder	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	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A)</b>	<b>Promoter and Promoter Group</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individual /HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government	-	-	-	-	-	-	-	-	-
(C)	State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(e)	Financial Institutions / Banks	68,88,02,073	-	68,88,02,073	28.76	67,64,66,421	-	67,64,66,421	26.36	(2.40)
(f)	Any Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(1) :</b>		<b>68,88,02,073</b>	<b>-</b>	<b>68,88,02,073</b>	<b>28.76</b>	<b>67,64,66,421</b>	<b>-</b>	<b>67,64,66,421</b>	<b>26.36</b>	<b>(2.40)</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRI/Foreign Individuals	-	-	-	-	-	-	-	-	-
(b)	Others - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Others	-	-	-	-	-	-	-	-	-
<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 A=A(1)+A(2)</b>		<b>68,88,02,073</b>	<b>-</b>	<b>68,88,02,073</b>	<b>28.76</b>	<b>67,64,66,421</b>	<b>-</b>	<b>67,64,66,421</b>	<b>26.36</b>	<b>(2.40)</b>

Category Code	Category of Shareholder	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	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds	16,28,54,328	-	16,28,54,328	6.80	21,25,32,389	-	21,25,32,389	8.28	1.48
(b)	Banks / Financial Institutions	29,20,751	-	29,20,751	0.12	23,30,483	-	23,30,483	0.09	(0.03)
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	3,64,54,316	-	3,64,54,316	1.52	2,64,29,435	-	2,64,29,435	1.03	(0.49)
(g)	Foreign Institutional Investors	115,54,57,305	-	115,54,57,305	48.24	122,31,30,379	-	122,31,30,379	47.66	(0.58)
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i)	Others (Specify)	-	-	-	-	8,75,00,000	-	8,75,00,000	3.41	3.41
<b>Sub-Total B(1) :</b>		<b>135,76,86,700</b>	<b>-</b>	<b>135,76,86,700</b>	<b>56.69</b>	<b>155,19,22,686</b>	<b>-</b>	<b>155,19,22,686</b>	<b>60.47</b>	<b>3.78</b>
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	6,10,82,582	68,000	6,11,50,582	2.55	6,36,28,325	65,500	6,36,93,825	2.48	(0.07)
	i. Indian	-	-	-	-	-	-	-	-	-
	ii. Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	9,68,83,533	84,59,992	10,53,43,525	4.40	7,97,13,802	68,03,251	8,65,17,053	3.37	(1.03)
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	4,78,39,668	-	4,78,39,668	2.00	4,76,19,236	-	4,76,19,236	1.86	(0.14)
(c)	Others									
	HUF	17,92,228	-	17,92,228	0.07	11,41,119	-	11,41,119	0.04	(0.03)
	Trusts	1,28,49,979	-	1,28,49,979	0.54	1,52,44,722	-	1,52,44,722	0.59	0.05
	Clearing Members	47,86,032	-	47,86,032	0.20	29,94,530	-	29,94,530	0.12	(0.08)
	Non Resident Indians	35,90,688	-	35,90,688	0.15	28,22,656	-	28,22,656	0.11	(0.04)
	NRI Non-Repatriation	16,31,115	-	16,31,115	0.07	15,81,976	-	15,81,976	0.06	(0.01)
	Foreign Bodies-Dr	8,09,744	-	8,09,744	0.03	6,55,836	-	6,55,836	0.03	-
	Foreign Nationals	700	-	700	-	750	-	750	-	-
	IEPF	-	-	-	-	5,35,446	-	5,35,446	0.02	0.02
<b>Sub-Total B(2) :</b>		<b>23,12,66,269</b>	<b>85,27,992</b>	<b>23,97,94,261</b>	<b>10.01</b>	<b>21,59,38,398</b>	<b>68,68,751</b>	<b>22,28,07,149</b>	<b>8.68</b>	<b>(1.33)</b>
<b>Total B=B(1)+B(2):</b>		<b>158,89,52,969</b>	<b>85,27,992</b>	<b>159,74,80,961</b>	<b>66.70</b>	<b>176,78,61,084</b>	<b>68,68,751</b>	<b>177,47,29,835</b>	<b>69.15</b>	<b>2.45</b>
<b>(C)</b>	<b>Shares held by custodian for GDR</b>									
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	10,87,53,075	-	10,87,53,075	4.54	11,53,42,680	-	11,53,42,680	4.49	0.05
<b>Total C:</b>		<b>10,87,53,075</b>	<b>-</b>	<b>10,87,53,075</b>	<b>4.54</b>	<b>11,53,42,680</b>	<b>-</b>	<b>11,53,42,680</b>	<b>4.49</b>	<b>0.05</b>
<b>Grand Total (A+B+C) :</b>		<b>238,65,08,117</b>	<b>85,27,992</b>	<b>239,50,36,109</b>	<b>100</b>	<b>255,96,70,185</b>	<b>68,68,751</b>	<b>256,65,38,936</b>	<b>100.00</b>	<b>-</b>


**ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding beginning of the year 31/03/2017			Shareholding end of the year 31/03/2018			% 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	11.48	-	25,32,70,690	9.87	-	(1.61)
2	Life Insurance Corporation of India	33,13,08,553	13.83	-	34,94,51,108	13.62	-	(0.21)
3	General Insurance Corporation of India	3,99,40,000	1.67	-	3,72,50,000	1.45	-	(0.22)
4	The New India Assurance Company Limited	2,61,03,585	1.09	-	2,54,03,585	0.99	-	(0.10)
5	National Insurance Company Limited	30,63,797	0.13	-	21,34,681	0.08	-	(0.05)
6	The Oriental Insurance Company Limited	63,30,020	0.26	-	63,30,020	0.25	-	(0.01)
7	United India Insurance Company Limited	72,15,213	0.30	-	26,26,337	0.10	-	(0.20)
	<b>Total</b>	<b>68,88,02,073</b>	<b>28.76</b>	<b>-</b>	<b>67,64,66,421</b>	<b>26.36</b>	<b>-</b>	<b>(2.40)</b>

**iii. Change in Promoters' Shareholding**

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	Life Insurance Corporation of India	33,13,08,553	13.83	31-03-2017			33,13,08,553	13.83
				14-04-2017	-288,328	Transfer	33,10,20,225	13.82
				21-04-2017	-296,573	Transfer	33,07,23,652	13.80
				28-04-2017	-40,000	Transfer	33,06,83,652	13.80
				05-05-2017	-100,000	Transfer	33,05,83,652	13.79
				12-05-2017	-440,338	Transfer	33,01,43,314	13.78
				19-05-2017	-66,130	Transfer	33,00,77,184	13.77
				20-10-2017	6,500	Transfer	33,00,83,684	13.77
				20-10-2017	-6,500	Transfer	33,00,77,184	13.77
				29-12-2017	2,28,57,142	Transfer	35,29,34,326	13.76
				19-01-2018	95,41,809	Transfer	36,24,76,135	14.14
				19-01-2018	-9,541,809	Transfer	35,29,34,326	13.76
				26-01-2018	-311,229	Transfer	35,26,23,097	13.75
				02-02-2018	-2,050,007	Transfer	35,05,73,090	13.67
				09-02-2018	-719,621	Transfer	34,98,53,469	13.64
				16-02-2018	-402,361	Transfer	34,94,51,108	13.62
				30-03-2018	5,000	Transfer	34,94,56,108	13.62
				30-03-2018	-5,000	Transfer	34,94,51,108	13.62
		34,94,51,108	13.62	31-03-2018			34,94,51,108	13.62

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
2	Administrator of the Specified Undertaking of the Unit Trust of India - SUUTI	27,48,40,905	11.48	31-03-2017			27,48,40,905	11.48
				17-11-2017	-20,351,453	Transfer	25,44,89,452	10.61
				24-11-2017	-1,218,762	Transfer	25,32,70,690	10.56
		25,32,70,690	9.87	31-03-2018			25,32,70,690	9.87
3	General Insurance Corporation of India	3,99,40,000	1.67	31-03-2017			3,99,40,000	1.67
				07-04-2017	-185,000	Transfer	3,97,55,000	1.66
				03-11-2017	-400,000	Transfer	3,93,55,000	1.64
				10-11-2017	-84,000	Transfer	3,92,71,000	1.64
				17-11-2017	-16,000	Transfer	3,92,55,000	1.64
				24-11-2017	-220,000	Transfer	3,90,35,000	1.63
				01-12-2017	-35,000	Transfer	3,90,00,000	1.63
				15-12-2017	-150,000	Transfer	3,88,50,000	1.62
				05-01-2018	-150,000	Transfer	3,87,00,000	1.51
				19-01-2018	-50,000	Transfer	3,86,50,000	1.51
				26-01-2018	-250,000	Transfer	3,84,00,000	1.50
				02-02-2018	-50,000	Transfer	3,83,50,000	1.50
				16-02-2018	-83,425	Transfer	3,82,66,575	1.49
				23-02-2018	-205,160	Transfer	3,80,61,415	1.48
				02-03-2018	-267,035	Transfer	3,77,94,380	1.47
				09-03-2018	-194,380	Transfer	3,76,00,000	1.47
				16-03-2018	-200,000	Transfer	3,74,00,000	1.46
				23-03-2018	-150,000	Transfer	3,72,50,000	1.45
		3,72,50,000	1.45	31-03-2018			3,72,50,000	1.45
4	The New India Assurance Company Limited	2,61,03,585	1.09	31-03-2017			2,61,03,585	1.09
				15-09-2017	-100,000	Transfer	2,60,03,585	1.08
				22-09-2017	-175,000	Transfer	2,58,28,585	1.08
				29-09-2017	-425,000	Transfer	2,54,03,585	1.06
		2,54,03,585	0.99	31-03-2018			2,54,03,585	0.99
5	United India Insurance Company Limited	72,15,213	0.30	31-03-2017			72,15,213	0.30
				14-04-2017	-15,000	Transfer	72,00,213	0.30
				28-04-2017	-20,000	Transfer	71,80,213	0.30
				23-06-2017	-110,000	Transfer	70,70,213	0.29
				30-06-2017	-20,000	Transfer	70,50,213	0.29
				07-07-2017	-100,000	Transfer	69,50,213	0.29
				14-07-2017	-74,624	Transfer	68,75,589	0.29
				21-07-2017	-105,000	Transfer	67,70,589	0.28
				28-07-2017	-91,293	Transfer	66,79,296	0.28
				04-08-2017	-95,000	Transfer	65,84,296	0.27
				11-08-2017	-50,000	Transfer	65,34,296	0.27
				01-09-2017	-105,000	Transfer	64,29,296	0.27
				08-09-2017	-75,000	Transfer	63,54,296	0.27
				15-09-2017	-30,000	Transfer	63,24,296	0.26



Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
				22-09-2017	-30,000	Transfer	62,94,296	0.26
				06-10-2017	-57,000	Transfer	62,37,296	0.26
				13-10-2017	-310,000	Transfer	59,27,296	0.25
				20-10-2017	-120,000	Transfer	58,07,296	0.24
				27-10-2017	3,57,500	Transfer	61,64,796	0.26
				03-11-2017	-680,000	Transfer	54,84,796	0.23
				10-11-2017	-760,000	Transfer	47,24,796	0.20
				17-11-2017	-580,000	Transfer	41,44,796	0.17
				24-11-2017	-70,000	Transfer	40,74,796	0.17
				08-12-2017	-300,000	Transfer	37,74,796	0.16
				15-12-2017	-286,013	Transfer	34,88,783	0.15
				22-12-2017	-260,000	Transfer	32,28,783	0.13
				29-12-2017	-120,000	Transfer	31,08,783	0.12
				05-01-2018	-120,000	Transfer	29,88,783	0.12
				12-01-2018	-133,556	Transfer	28,55,227	0.11
				19-01-2018	-98,000	Transfer	27,57,227	0.11
				26-01-2018	-100,000	Transfer	26,57,227	0.10
				02-02-2018	-60,850	Transfer	25,96,377	0.10
				09-02-2018	29,960	Transfer	26,26,337	0.10
		<b>26,26,337</b>	<b>0.10</b>	<b>31-03-2018</b>			<b>26,26,337</b>	<b>0.10</b>
<b>6</b>	<b>The Oriental Insurance Company Limited</b>	<b>63,30,020</b>	<b>0.26</b>	<b>31-03-2017</b>			<b>63,30,020</b>	<b>0.26</b>
		<b>63,30,020</b>	<b>0.25</b>	<b>31-03-2018</b>			<b>63,30,020</b>	<b>0.25</b>
<b>7</b>	<b>National Insurance Company Ltd</b>	<b>30,63,797</b>	<b>0.13</b>	<b>31-03-2017</b>			<b>30,63,797</b>	<b>0.13</b>
				28-04-2017	-90,000	Transfer	29,73,797	0.12
				27-10-2017	6,94,000	Transfer	36,67,797	0.15
				10-11-2017	-200,000	Transfer	34,67,797	0.14
				17-11-2017	-200,000	Transfer	32,67,797	0.14
				15-12-2017	-200,000	Transfer	30,67,797	0.13
				22-12-2017	-200,000	Transfer	28,67,797	0.11
				02-02-2018	-40,000	Transfer	28,27,797	0.11
				09-02-2018	-105,000	Transfer	27,22,797	0.11
				16-03-2018	-500,000	Transfer	22,22,797	0.09
				23-03-2018	-88,116	Transfer	21,34,681	0.08
		<b>21,34,681</b>	<b>0.08</b>	<b>31-03-2018</b>			<b>21,34,681</b>	<b>0.08</b>

**iv) Shareholding pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	Oakmark International Fund	-	-	31-03-17			-	-
				21-04-17	45,23,955	Transfer	45,23,955	0.19
				28-04-17	54,44,645	Transfer	99,68,600	0.42
				05-05-17	57,51,200	Transfer	1,57,19,800	0.66
				12-05-17	20,67,100	Transfer	1,77,86,900	0.74
				26-05-17	41,17,597	Transfer	2,19,04,497	0.91
				02-06-17	31,38,176	Transfer	2,50,42,673	1.04
				09-06-17	33,46,527	Transfer	2,83,89,200	1.18
				30-06-17	31,53,520	Transfer	3,15,42,720	1.32
				07-07-17	10,67,880	Transfer	3,26,10,600	1.36
				14-07-17	17,26,175	Transfer	3,43,36,775	1.43
				21-07-17	15,88,225	Transfer	3,59,25,000	1.50
				11-08-17	68,97,200	Transfer	4,28,22,200	1.79
				18-08-17	66,32,500	Transfer	4,94,54,700	2.06
				25-08-17	43,39,994	Transfer	5,37,94,694	2.24
				01-09-17	27,18,285	Transfer	5,65,12,979	2.36
				08-09-17	17,48,121	Transfer	5,82,61,100	2.43
				15-09-17	22,84,558	Transfer	6,05,45,658	2.53
				22-09-17	19,24,242	Transfer	6,24,69,900	2.61
				29-09-17	53,13,004	Transfer	6,77,82,904	2.83
				06-10-17	91,01,496	Transfer	7,68,84,400	3.21
				13-10-17	55,25,963	Transfer	8,24,10,363	3.44
				20-10-17	3,25,916	Transfer	8,27,36,279	3.45
				27-10-17	33,58,000	Transfer	8,60,94,279	3.59
				24-11-17	-4,849,500	Transfer	8,12,44,779	3.39
				01-12-17	-392,178	Transfer	8,08,52,601	3.37
				08-12-17	-286,412	Transfer	8,05,66,189	3.36
				15-12-17	-955,100	Transfer	7,96,11,089	3.32
				22-12-17	-3,191,910	Transfer	7,64,19,179	2.98
				19-01-18	-823,900	Transfer	7,55,95,279	2.95
				26-01-18	-1,035,700	Transfer	7,45,59,579	2.91
				02-02-18	-4,455,812	Transfer	7,01,03,767	2.73
				09-03-18	47,93,200	Transfer	7,48,96,967	2.92
				16-03-18	11,56,600	Transfer	7,60,53,567	2.96
				23-03-18	35,78,100	Transfer	7,96,31,667	3.10
				30-03-18	43,95,800	Transfer	8,40,27,467	3.27
		8,40,27,467	3.27	31-03-18			8,40,27,467	3.27





Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
2	Dodge and Cox International Stock Fund	-	-	31-03-17			-	-
				31-10-17	19,04,509	Transfer	19,04,509	0.08
				03-11-17	22,16,500	Transfer	41,21,009	0.17
				10-11-17	67,48,650	Transfer	1,08,69,659	0.45
				17-11-17	7,30,317	Transfer	1,15,99,976	0.48
				01-12-17	49,94,872	Transfer	1,65,94,848	0.69
				08-12-17	88,86,312	Transfer	2,54,81,160	1.06
				15-12-17	51,89,736	Transfer	3,06,70,896	1.28
				22-12-17	29,56,927	Transfer	3,36,27,823	1.31
				29-12-17	21,60,777	Transfer	3,57,88,600	1.40
				05-01-18	24,32,210	Transfer	3,82,20,810	1.49
				12-01-18	20,47,790	Transfer	4,02,68,600	1.57
				19-01-18	21,25,000	Transfer	4,23,93,600	1.65
				26-01-18	20,99,333	Transfer	4,44,92,933	1.74
				02-02-18	37,75,967	Transfer	4,82,68,900	1.88
				09-02-18	24,04,500	Transfer	5,06,73,400	1.98
				09-03-18	77,27,947	Transfer	5,84,01,347	2.28
				16-03-18	45,38,298	Transfer	6,29,39,645	2.45
				23-03-18	35,97,242	Transfer	6,65,36,887	2.59
				30-03-18	1,29,13,513	Transfer	7,94,50,400	3.10
		7,94,50,400	3.10	31-03-18			7,94,50,400	3.10
3	Europacific Growth Fund	2,13,93,890	0.89	31-03-17			2,13,93,890	0.89
				29-12-17	4,28,72,967	Transfer	6,42,66,857	2.51
				16-03-18	13,21,000	Transfer	6,55,87,857	2.56
		6,55,87,857	2.56	31-03-18			6,55,87,857	2.56
4	BC Asia Investments VII Limited - FDI	-	-	31-03-17			-	-
				29-12-17	5,56,00,000	Transfer	5,56,00,000	2.17
		5,56,00,000	2.17	31-03-18			5,56,00,000	2.17
5	Integral Investments South Asia IV - FDI	-	-	31-03-17			-	-
				29-12-17	3,19,00,000	Transfer	3,19,00,000	1.24
		3,19,00,000	1.24	31-03-18			3,19,00,000	1.24
6	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	2,55,30,647	1.07	31-03-17			2,55,30,647	1.07
				07-04-17	3,26,782	Transfer	2,58,57,429	1.08
				21-04-17	1,94,971	Transfer	2,60,52,400	1.09
				28-04-17	29,980	Transfer	2,60,82,380	1.09
				05-05-17	2,39,840	Transfer	2,63,22,220	1.10
				12-05-17	74,950	Transfer	2,63,97,170	1.10
				19-05-17	1,61,892	Transfer	2,65,59,062	1.11
				02-06-17	2,80,704	Transfer	2,68,39,766	1.12
				09-06-17	1,07,755	Transfer	2,69,47,521	1.12

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
				30-06-17	3,75,097	Transfer	2,73,22,618	1.14
				07-07-17	1,04,930	Transfer	2,74,27,548	1.14
				14-07-17	2,48,666	Transfer	2,76,76,214	1.15
				21-07-17	2,18,403	Transfer	2,78,94,617	1.16
				28-07-17	74,674	Transfer	2,79,69,291	1.17
				04-08-17	65,956	Transfer	2,80,35,247	1.17
				11-08-17	86,942	Transfer	2,81,22,189	1.17
				25-08-17	5,06,483	Transfer	2,86,28,672	1.19
				01-09-17	1,07,928	Transfer	2,87,36,600	1.20
				08-09-17	1,52,898	Transfer	2,88,89,498	1.20
				15-09-17	1,37,908	Transfer	2,90,27,406	1.21
				06-10-17	89,940	Transfer	2,91,17,346	1.21
				13-10-17	92,938	Transfer	2,92,10,284	1.22
				20-10-17	68,954	Transfer	2,92,79,238	1.22
				27-10-17	62,958	Transfer	2,93,42,196	1.22
				22-12-17	-922,085	Transfer	2,84,20,111	1.11
				26-01-18	1,34,984	Transfer	2,85,55,095	1.11
				02-02-18	1,20,624	Transfer	2,86,75,719	1.12
				23-03-18	2,86,75,719	Transfer	5,73,51,438	2.23
				23-03-18	-28,675,719	Transfer	2,86,75,719	1.12
				30-03-18	-147,650	Transfer	2,85,28,069	1.11
7	Lazard Emerging Markets Portfolio	<b>2,85,28,069</b>	<b>1.11</b>	<b>31-03-18</b>			<b>2,85,28,069</b>	<b>1.11</b>
		<b>2,94,91,974</b>	<b>1.23</b>	<b>31-03-17</b>			<b>2,94,91,974</b>	<b>1.23</b>
				29-09-17	-1,198,613	Transfer	2,82,93,361	1.18
				06-10-17	-680,523	Transfer	2,76,12,838	1.15
				15-12-17	-630,060	Transfer	2,69,82,778	1.12
8	ICICI Prudential Life Insurance Company Limited	<b>2,69,82,778</b>	<b>1.05</b>	<b>31-03-18</b>			<b>2,69,82,778</b>	<b>1.05</b>
		<b>3,43,30,677</b>	<b>1.43</b>	<b>31-03-17</b>			<b>3,43,30,677</b>	<b>1.43</b>
				07-04-17	6,416	Transfer	3,43,37,093	1.43
				14-04-17	-725,757	Transfer	3,36,11,336	1.40
				21-04-17	-493,472	Transfer	3,31,17,864	1.38
				28-04-17	33,23,981	Transfer	3,64,41,845	1.52
				05-05-17	-562,840	Transfer	3,58,79,005	1.50
				12-05-17	-11	Transfer	3,58,78,994	1.50
				19-05-17	-28,485	Transfer	3,58,50,509	1.50
				26-05-17	-286,835	Transfer	3,55,63,674	1.48
				02-06-17	2,08,256	Transfer	3,57,71,930	1.49
				09-06-17	-227,674	Transfer	3,55,44,256	1.48
				16-06-17	-8,472	Transfer	3,55,35,784	1.48
				23-06-17	1,15,808	Transfer	3,56,51,592	1.49



Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
				30-06-17	4,29,378	Transfer	3,60,80,970	1.51
				07-07-17	9,84,380	Transfer	3,70,65,350	1.55
				14-07-17	3,91,888	Transfer	3,74,57,238	1.56
				21-07-17	-60,884	Transfer	3,73,96,354	1.56
				28-07-17	1,88,775	Transfer	3,75,85,129	1.57
				04-08-17	-240,055	Transfer	3,73,45,074	1.56
				11-08-17	-142,409	Transfer	3,72,02,665	1.55
				18-08-17	-34,930	Transfer	3,71,67,735	1.55
				25-08-17	95,713	Transfer	3,72,63,448	1.55
				01-09-17	-2,504,537	Transfer	3,47,58,911	1.45
				08-09-17	1,51,375	Transfer	3,49,10,286	1.46
				15-09-17	-706,125	Transfer	3,42,04,161	1.43
				22-09-17	37,30,682	Transfer	3,79,34,843	1.58
				29-09-17	2,78,346	Transfer	3,82,13,189	1.59
				06-10-17	5,47,925	Transfer	3,87,61,114	1.62
				13-10-17	-28,181	Transfer	3,87,32,933	1.62
				20-10-17	80,622	Transfer	3,88,13,555	1.62
				27-10-17	-5,084,248	Transfer	3,37,29,307	1.41
				31-10-17	9,749	Transfer	3,37,39,056	1.41
				03-11-17	-93,839	Transfer	3,36,45,217	1.40
				10-11-17	-205,104	Transfer	3,34,40,113	1.39
				17-11-17	-854,878	Transfer	3,25,85,235	1.36
				24-11-17	-57,192	Transfer	3,25,28,043	1.36
				01-12-17	-953,108	Transfer	3,15,74,935	1.32
				08-12-17	-26,329	Transfer	3,15,48,606	1.32
				15-12-17	-49,573	Transfer	3,14,99,033	1.31
				22-12-17	-1,186,732	Transfer	3,03,12,301	1.18
				29-12-17	48,667	Transfer	3,03,60,968	1.18
				05-01-18	-1,129,197	Transfer	2,92,31,771	1.14
				12-01-18	-1,017,404	Transfer	2,82,14,367	1.10
				19-01-18	-780,496	Transfer	2,74,33,871	1.07
				26-01-18	-10,675	Transfer	2,74,23,196	1.07
				02-02-18	84,048	Transfer	2,75,07,244	1.07
				09-02-18	-229,110	Transfer	2,72,78,134	1.06
				16-02-18	-102,019	Transfer	2,71,76,115	1.06
				23-02-18	-594,752	Transfer	2,65,81,363	1.04
				02-03-18	-346,959	Transfer	2,62,34,404	1.02
				09-03-18	-23,477	Transfer	2,62,10,927	1.02
				16-03-18	5,723	Transfer	2,62,16,650	1.02
				23-03-18	-10,815	Transfer	2,62,05,835	1.02

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
				30-03-18	-171,819	Transfer	2,60,34,016	1.01
		<b>2,60,34,016</b>	<b>1.01</b>	<b>31-03-18</b>			<b>2,60,34,016</b>	<b>1.01</b>
<b>9</b>	<b>Centaura Investments (Mauritius) Pte Ltd</b>	<b>2,55,47,908</b>	<b>1.07</b>	<b>31-03-17</b>			<b>2,55,47,908</b>	<b>1.07</b>
		<b>2,55,47,908</b>	<b>1.00</b>	<b>31-03-18</b>			<b>2,55,47,908</b>	<b>1.00</b>
<b>10</b>	<b>Government of Singapore</b>	<b>3,81,37,648</b>	<b>1.59</b>	<b>31-03-17</b>			<b>3,81,37,648</b>	<b>1.59</b>
				07-04-2017	-49,690	Transfer	3,80,87,958	1.59
				14-04-2017	11,20,737	Transfer	3,92,08,695	1.64
				21-04-2017	4,30,611	Transfer	3,96,39,306	1.65
				28-04-2017	-714,766	Transfer	3,89,24,540	1.62
				05-05-2017	-416,791	Transfer	3,85,07,749	1.61
				26-05-2017	-20,676	Transfer	3,84,87,073	1.61
				02-06-2017	87,471	Transfer	3,85,74,544	1.61
				09-06-2017	81,179	Transfer	3,86,55,723	1.61
				23-06-2017	-18,658	Transfer	3,86,37,065	1.61
				30-06-2017	-1,856,376	Transfer	3,67,80,689	1.53
				07-07-2017	2,05,650	Transfer	3,69,86,339	1.54
				04-08-2017	-2,400,119	Transfer	3,45,86,220	1.44
				11-08-2017	-800,847	Transfer	3,37,85,373	1.41
				18-08-2017	-21,806	Transfer	3,37,63,567	1.41
				25-08-2017	-466,986	Transfer	3,32,96,581	1.39
				01-09-2017	-932,527	Transfer	3,23,64,054	1.35
				08-09-2017	-902,531	Transfer	3,14,61,523	1.31
				15-09-2017	-464,749	Transfer	3,09,96,774	1.29
				22-09-2017	-2,231,083	Transfer	2,87,65,691	1.20
				29-09-2017	-312,432	Transfer	2,84,53,259	1.19
				06-10-2017	1,23,020	Transfer	2,85,76,279	1.19
				20-10-2017	-264,142	Transfer	2,83,12,137	1.18
				27-10-2017	-147,246	Transfer	2,81,64,891	1.17
				03-11-2017	2,00,559	Transfer	2,83,65,450	1.18
				17-11-2017	-473,721	Transfer	2,78,91,729	1.16
				24-11-2017	-210,110	Transfer	2,76,81,619	1.15
				01-12-2017	-739,028	Transfer	2,69,42,591	1.12
				08-12-2017	-406,054	Transfer	2,65,36,537	1.11
				05-01-2018	10,26,871	Transfer	2,75,63,408	1.07
				19-01-2018	5,15,115	Transfer	2,80,78,523	1.09
				26-01-2018	3,73,803	Transfer	2,84,52,326	1.11
				02-02-2018	1,44,792	Transfer	2,85,97,118	1.12
				09-02-2018	-55,446	Transfer	2,85,41,672	1.11
				16-02-2018	-2,998,976	Transfer	2,55,42,696	1.00
				23-02-2018	-33,085	Transfer	2,55,09,611	0.99



Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
				02-03-2018	-587,371	Transfer	2,49,22,240	0.97
				09-03-2018	-457,652	Transfer	2,44,64,588	0.95
				30-03-2018	2,02,948	Transfer	2,46,67,536	0.96
		<b>2,46,67,536</b>	<b>0.96</b>	<b>31-03-2018</b>			<b>2,46,67,536</b>	<b>0.96</b>

**Note:**

- Top ten shareholders of the Bank as on March 31<sup>st</sup> 2018 have been considered, for the above disclosures.
- Date of change is the date of the shareholding statement i.e. the date on which the statements of beneficial ownerships is received from the depositories.

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

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	Shikha Sharma	5,75,000	0.02	31-03-17			5,50,000	0.02
				26-05-17	-25,000	Transfer	5,50,000	0.02
				02-06-17	-25,000	Transfer	5,25,000	0.02
				09-06-17	-25,000	Transfer	5,00,000	0.02
				23-06-17	50,000	Transfer	5,50,000	0.02
				30-06-17	25,000	Transfer	5,75,000	0.02
				04-08-17	-100,000	Transfer	4,75,000	0.02
				01-09-17	1,00,000	Transfer	5,75,000	0.02
				15-12-17	-200,000	Transfer	3,75,000	0.02
				05-01-18	2,00,000	Transfer	5,75,000	0.02
				26-01-18	-100,000	Transfer	4,75,000	0.02
				02-02-18	-100,000	Transfer	3,75,000	0.01
				16-02-18	1,00,000	Transfer	4,75,000	0.02
				23-02-18	1,00,000	Transfer	5,75,000	0.02
		<b>5,75,000</b>	<b>0.02</b>	<b>31-03-18</b>			<b>5,75,000</b>	<b>0.02</b>
2	Srinivasan Varadarajan	10,80,000	0.05	31-03-17			10,80,000	0.05
				10-11-17	1,00,000	Transfer	11,80,000	0.05
				23-03-18	1,23,000	Transfer	13,03,000	0.05
				30-03-18	97,000	Transfer	14,00,000	0.05
		<b>14,00,000</b>	<b>0.05</b>	<b>31-03-18</b>			<b>14,00,000</b>	<b>0.05</b>
3	Rajiv Anand	3,80,500	0.02	31-03-17			3,80,500	0.02
				21-04-17	1,48,000	Transfer	5,28,500	0.02
				05-05-17	12,000	Transfer	5,40,500	0.02
				26-05-17	-35,000	Transfer	5,05,500	0.02
				08-09-17	-35,000	Transfer	4,70,500	0.02
				17-11-17	-35,000	Transfer	4,35,500	0.02
				09-02-18	-35,000	Transfer	4,00,500	0.02
				23-03-18	1,00,000	Transfer	5,00,500	0.02
		<b>5,00,500</b>	<b>0.02</b>	<b>31-03-18</b>			<b>5,00,500</b>	<b>0.02</b>

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
4	Rajesh Dahiya	30,000	0.00	31-03-17			30,000	0.00
				09-06-17	-10,000	Transfer	20,000	0.00
				16-06-17	-20,000	Transfer	0	0.00
				24-11-17	45,000	Transfer	45,000	0.00
				01-12-17	-20,000	Transfer	25,000	0.00
				15-12-17	-12,500	Transfer	12,500	0.00
				22-12-17	-12,500	Transfer	0	0.00
				09-02-18	12,000	Transfer	12,000	0.00
				16-03-18	-6,000	Transfer	6,000	0.00
		6,000	0.00	31-03-18			6,000	0.00
5	V R Kaundinya®	5,000	0.00	31-03-17			5,000	0.00
		5,000	0.00	31-03-18			5,000	0.00
6	Jairam Sridharan	1,59,041	0.01	31-03-17			1,59,041	0.01
				24-11-17	50,000	Transfer	2,09,041	0.01
				16-02-18	30,000	Transfer	2,39,041	0.01
		2,39,041	0.01	31-03-18			2,39,041	0.01
7	Girish V. Koliyote	-	-	31-03-17			-	-
		-	-	31-03-18			-	-

Note: ® Shri V. R. Kaundinya ceased to be a Director of the Bank on expiry of his tenure w.e.f. the close of business hours on 11<sup>th</sup> October 2017.

## V. INDEBTEDNESS

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

(₹ in crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,381.09	1,03,649.78	-	1,05,030.87
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.33	1,538.52	-	1,540.85
<b>Total (I+II+III)</b>	<b>1,383.42</b>	<b>1,05,188.30</b>	<b>-</b>	<b>1,06,571.72</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	13,46,562.33	2,64,540.69	-	16,11,103.02
Reduction	(13,41,362.01)	(2,25,759.39)	-	(15,67,121.40)
<b>Net Change</b>	<b>5,200.32</b>	<b>38,781.30</b>	<b>-</b>	<b>43,981.62</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	6,579.28	1,41,436.87	-	1,48,016.14
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.46	2,532.73	-	2,537.19
<b>Total (I+II+III)</b>	<b>6,583.74</b>	<b>1,43,969.60</b>	<b>-</b>	<b>1,50,553.34</b>

### 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 for the financial year 2017-18:

(in ₹)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager				Total Amount
		Smt. Shikha Sharma	Shri V. Srinivasan	Shri Rajiv Anand	Shri Rajesh Dahiya	
1.	Gross salary					
	(a) Salary as per provisions contained u/s 17(1) of the Income-tax Act, 1961	4,51,79,452	3,01,33,426	2,22,78,409	1,56,37,988	11,32,29,275
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	32,08,204	10,83,946	20,86,639	21,91,364	85,70,153
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-	-	-
2.	Stock Options (No. of options)	5,40,000	3,00,000	3,15,000	2,92,500	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others	-	-	-	-	-
5.	Others	-	-	-	-	-
	<b>Total (A)</b>	<b>4,83,87,656</b>	<b>3,12,17,372</b>	<b>2,43,65,048</b>	<b>1,78,29,352</b>	<b>12,17,99,428</b>
	Ceiling as per the Act*	-	-	-	-	-

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

B. Remuneration to other Directors for the financial year 2017-18:

(in ₹)

Sr. No.	Particulars of Remuneration to Independent Directors	Dr. Sanjiv Misra	V. R. Kaundinya®	Prasad R. Menon	Samir Barua	Som Mittal	Rohit Bhagat	S. Vishvanathan	Total Amount
1	Fee for attending Board / Committee meetings	12,00,000	7,50,000	24,00,000	22,50,000	16,00,000	18,00,000	22,50,000	1,22,50,000
2	Commission for FY 2016-17	1,83,562	10,00,000	10,00,000	10,00,000	10,00,000	10,00,000	10,00,000	61,83,562
3	Others, please specify	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>13,83,562</b>	<b>17,50,000</b>	<b>34,00,000</b>	<b>32,50,000</b>	<b>26,00,000</b>	<b>28,00,000</b>	<b>32,50,000</b>	<b>1,84,33,562</b>

(in ₹)

Sr. No.	Particulars of Remuneration of Independent / Non-Executive Directors	Rakesh Makhija	Smt. Ketaki Bhagwati	Shri B. Babu Rao*	Smt. Usha Sangwan*	Shri Stephen Pagliuca*	Total Amount
1	Fee for attending Board / Committee meetings	25,00,000	20,00,000	19,50,000	6,00,000	2,00,000	72,50,000
2	Commission for FY 2016-17	10,00,000	10,00,000	10,00,000	10,00,000	-	40,00,000
3	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>35,00,000</b>	<b>30,00,000</b>	<b>29,50,000</b>	<b>16,00,000</b>	<b>2,00,000</b>	<b>1,12,50,000</b>
	<b>Total (B)=(1+2)</b>						<b>2,96,83,562</b>
	<b>Total Managerial Remuneration (A+B)</b>						<b>15,14,82,990</b>

\* Shri B. Babu Rao, Smt. Usha Sangwan and Shri Stephen Pagliuca are Non-Executive (Nominee) Directors of the Bank.

@ Shri V. R. Kaundinya ceased to be an Independent Director of the Bank on expiry of his tenure w.e.f. the close of business hours on 11<sup>th</sup> October 2017.

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD for the financial year 2017-18

(in ₹)

Sr. No.	Particulars of Remuneration	Jairam Sridharan, Chief Financial Officer	Girish V. Koliyote, Company Secretary	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained u/s 17(1) of the Income-tax Act, 1961	1,74,59,392	73,23,399	2,47,82,791
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	17,79,600	3,76,826	21,56,426
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961			
2.	Stock Option (No. of options)	1,40,000	26,000	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit		-	-
	- others		-	-
5.	Others	-	-	-
<b>Total</b>		<b>1,92,38,992</b>	<b>77,00,225</b>	<b>2,69,39,217</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	-	-	-	-	-



## DISCLOSURE ON REMUNERATION

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and 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 Director of the Bank to the median remuneration of the employees of the Bank for the financial year 2017-18, are as under;

Name of the Executive Directors	Ratio of remuneration to median remuneration of all employees
Smt. Shikha Sharma, Managing Director & CEO	82.9
Shri V. Srinivasan, Deputy Managing Director	54.9
Shri Rajiv Anand, Executive Director (Retail Banking)	42.7
Shri Rajesh Dahiya, Executive Director (Corporate Centre)	38.1

Note: All confirmed employees (excluding front line sales force), as on 31<sup>st</sup> March 2018 have been considered.

- (ii) The percentage increase in remuneration of Executive Directors, Chief Financial Officer, Chief Executive Officer and Company Secretary or Manager, if any, in the financial year 2017-18, are as under;

Name of the Director/Key Managerial Personnel	% increase in the remuneration in the financial year 2017-18
<b>Executive Directors</b>	
Smt. Shikha Sharma, Managing Director & CEO	7.5
Shri V. Srinivasan, Deputy Managing Director	7.5
Shri Rajiv Anand, Executive Director (Retail Banking)	7.5
Shri Rajesh Dahiya, Executive Director (Corporate Centre)	15.0
<b>Key Managerial Personnel</b>	
Shri Jairam Sridharan, Chief Financial Officer	17.5
Shri Girish V. Koliyote, Company Secretary	11.8

- (iii) The percentage increase in the median remuneration of the said employees of the Bank during the financial year 2017-18, is as under:

Median remuneration of employees of the Bank increased by 7.57% in the financial year 2017-18, as compared to the financial year 2016-17.

- (iv) The number of permanent employees on the rolls of the Bank as on 31<sup>st</sup> March 2018 - The Bank had 59,614 permanent employees on its rolls, as on 31<sup>st</sup> March 2018.
- (v) 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 2017-18 was 8.61 % and the average remuneration increase for the said managerial personnel of the Bank was around 8.73%.

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

- (vi) Affirmation that the remuneration is as per the remuneration policy of the Bank.

The Comprehensive Remuneration policy of the Bank as 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 Reserve Bank of India. We affirm that the remuneration paid to all employees is as per the said Policy of the Bank.

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

## 1. A brief outline of the Company'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 primary purpose of Axis Bank's CSR philosophy is to make a meaningful and measurable impact on the lives of economically, physically and socially challenged communities across India, by actively supporting initiatives that aim at creating suitable conditions for their sustainable livelihoods. As a financial institution, the Bank believes that it can play an active role in stimulating India's socio-economic development as well as its ecological balance. The Bank is also making efforts to align its CSR activities with various Government Schemes.

The CSR activities of the Bank are guided by its Corporate Social Responsibility (CSR) Policy which has been formulated and adopted by the Bank in compliance with the provisions of Section 135 of the Companies Act, 2013 and is 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 in association with any other Trust or agencies and entities as deemed suitable.

The Bank leverages its geographical spread across the country to undertake such initiatives.

Set up as a Public Charitable Trust in 2006, Axis Bank Foundation (ABF) is the Corporate Social Responsibility (CSR) arm of Axis Bank Limited. It spearheads the CSR activities of the Bank with a focus on creating Sustainable Livelihoods. ABF had set itself an ambitious target of creating 1 million sustainable livelihoods by the end of 2017.

Partnering with reputed NGOs across the length and breadth of India since it was set up, ABF has created 1 million livelihoods in September 2017 of which 63% were women. ABF now aspires to reach out to 2 Million Households by 2025. An illustrative list of various programs and activities supported by ABF can be accessed at [www.axisbankfoundation.org](http://www.axisbankfoundation.org).

ABF, as part of its Sustainable Livelihoods programs, supports promotion and sustenance of rural livelihoods primarily in the rain-fed regions of the country. Within rural livelihoods initiatives, ABF's core focus areas are watershed management and agriculture productivity, livestock enhancement and financial inclusion. These initiatives help in enhancing the agricultural output in target areas through improved farm practices that lead to increased income. Watershed management activities ensure better availability of water making multiple cropping possible. Livestock enhancement programs support communities in better livestock rearing thereby creating an alternative stream of income. ABF is also associated with programs that encourage involvement in non-farm handicraft activities such as embroidery work, bamboo work, etc. that supplement the farm income and improve the overall income. Financial Inclusion activities are conducted to help the beneficiaries gain access to banking facilities. Skill building is a national priority and ABF conducts skilling programs across India for Youths and Persons with Disabilities (PwDs) and lead them to employment.

Many of the ABF-supported programs are closely aligned with the Government of India's rural development schemes such as The Mahatma Gandhi National Rural Employment Guarantee Act and Pradhan Mantri Krishi Sichai Yojana.

During the year, ABF organized its 3<sup>rd</sup> Annual Conference on 14<sup>th</sup> March 2018 at Mumbai, with the theme 'Partnerships for Sustainable Development Goals'. The inaugural address was by Shri. Devendra Fadnavis, Chief Minister, Maharashtra and its keynote address was by Shri. Sonam Wangchuk, education reformist and innovator. It featured panel discussions on themes related to 'Shared Action for Shared Prosperity' and 'Empowering a Million Livelihoods'. The Conference saw a convergence of participants across varied sectors, ABF's partner NGOs and thought leaders from the development sector.

The CSR activities directly undertaken by the Bank focus on poverty alleviation, promoting financial literacy and enabling financial inclusion, environmental sustainability and education and skill development.

During the year, the Bank launched 'Axis DilSe – Connecting Remote Communities', an ambitious initiative to reach out to the remote communities in the Ladakh region of Jammu & Kashmir. The three-year program aims to transform over 100 village schools in Leh and Kargil districts by creating as well as strengthening physical and educational infrastructure. The initiative is in alignment with the Government of India's 'Border Area Development Program' (BADP) that aims to promote growth and development in underserved border villages.



The Financial Literacy & inclusion activities focus on providing low income groups in rural and urban India access to financial services. The Bank has been active in promoting the Government's various social security schemes and has also supported opening of accounts under the Atal Pension Yojana.

In alignment with the Government's Digital India programme and its impetus on digital financial transactions, the Bank introduced the DigiSupport program as an extension of its ongoing DigiPrayas program, wherein new branches opened in rural or unbanked geographies aim to educate and empower the villagers/local communities around them. These communities are made familiar with mainstream banking products and services, digital banking options and ways to enhance cashless transactions. In addition, the Bank expands its reach through Business Correspondents (BCs) that promote digital banking through use of micro-ATMs and promote digital financial literacy. During the year, the Bank launched its initiative - 'Connecting Borders', in Kohima, Nagaland by adopting 20 villages where it conducted financial literacy camps.

The Bank has been working towards strengthening India's MSME sector under its 'Evolve' initiative, wherein it engages with the MSME sector through a series of knowledge sharing and skill development sessions. 'Thought Factory', Axis Bank's Innovation lab is strongly aligned with the Government's Startup India initiative and supports start-ups through a structured mentorship program along with providing them an opportunity to pitch their business ideas to potential investors.

During the year, the Bank won at the FICCI CSR Summit & Awards 2017 in the 'Women Empowerment' Category in recognition of its CSR efforts and impacts created.

For more details on the Bank's CSR efforts, please refer to the 'Corporate Social Responsibility' (CSR) section under 'Management Discussion and Analysis' section of the Annual Report and disclosures made in the Bank's Sustainability Report and Axis Bank Foundation's Annual Report.

- 2. The Composition of the CSR Committee:** Shri Som Mittal (Chairman), Shri Rajesh Dahiya and Shri Rajiv Anand.
- 3. Average net profit of the company for last three financial years:** ₹9,341.14 crore
- 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):** ₹186.82 crore
- 5. Details of CSR spent during the financial year:**
  - (a) Total amount spent for the financial year (2017-18): ₹133.77 crore
  - (b) Amount unspent, if any: ₹53.05 crore
  - (c) Manner in which the amount spent during the financial year is detailed in **Annexure A**.
- 6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report**

Over the years, the Bank has endeavoured to contribute to credible NGO partners and the neediest beneficiaries. The Bank has been playing an active role in community development even before Corporate Social Responsibility (CSR) was included in the Companies Act. In 2006, the Bank set up the Axis Bank Foundation (ABF) as a trust to channel its social investments and the Bank has since been contributing one percent of its previous year's net profit to the Foundation. The Bank has made cumulative contributions of ₹529.79 crore till March 2018, of which nearly ₹448.29 crore was contributed to the ABF and its partner NGOs. ABF activities are spread across 178 districts in 21 states across the country, addressing the needs of the underprivileged sections of society, while focusing on the area of creating sustainable livelihoods.

The Bank also identified new opportunities during the year and made incremental investments in the programs relating to poverty alleviation, rural development through promoting financial literacy and enabling financial inclusion, environmental sustainability, education and skill development. The Bank continued to bolster its financial literacy and inclusion activities to mainstream the unbanked and the under-banked people, especially in rural India while helping customers to gradually transition to a digital way of undertaking transactions.

During the year 2017-18, the Bank improved its CSR spend ratio to 1.43% of its average net profits of the last three financial years, as against 1.38% last year, with contribution of ₹133.77 crore on various CSR activities. The Bank was not able to spend the entire prescribed CSR amount of 2% of its average net profits of the last three financials years as few of the planned CSR activities had less than estimated utilization of funds.

Further, in view of its sharper focus on creating sustainable livelihoods, the Bank sought to wind down some of its programs, especially in the health & education sectors, on account of lesser than desired outcomes. These programs were replaced by other interventions in the area of sustainable livelihoods during the second half of the year. These programs have long gestation periods and therefore are expected to see increased spends, in line with their improved outcomes going forward.

Six new programs through reputed partner NGOs were taken up during the year covering various activities, including environmental sustainability, financial literacy, health, livelihoods and skilling. Through these programs, the Bank reiterated its commitment to make a deeper penetration in the rural areas and undertake livelihood programs that are sustainable and replicable across the country. The Bank also collaborated with a reputed NGO to create awareness on the Rights of Persons with Disabilities (RPWD) Act and to train organizations involved in skilling the Persons with Disabilities (PwDs) to ensure that the PwDs are included in the workforce.

The proposed spend for an open access solar plant, as part of our environmental sustainability initiatives, could not be completed during the year on account of pending clearances. We expect contributions towards this initiative to commence in FY 2018-19 as soon as the necessary clearances are obtained.

The Bank, in a pioneering initiative, extended support to the 'Buddha Fellowship' program which is an attempt to bridge the human resource gap faced by the developmental sector by engaging with bright young minds from reputed educational institutes like the IIM, IIT, etc. to enable the youth to do field work in NGOs and government while being mentored by senior leaders from corporate and development sector to go on to pursue developmental entrepreneurship. The Bank also reached out to the low-income groups in the rural areas to provide them with Financial Literacy through a 'Mass Awareness Camp' (MAC) that is designed to involve the entire community to be part of the financial learning process. The Bank also conducted a Health Camp in the community in which basic diagnostic tests were carried out. The spend on financial literacy and inclusion, however, was impacted on account of the rationalisation of the number of our Business Correspondent (BC) partners.

The Bank is also supporting the plantation of 3,80,000 trees in around five states to promote environmental sustainability and to improve the vegetation in common lands while providing livelihoods to the rural poor.

The Bank remains committed to continually explore new opportunities which align to its CSR philosophy and create maximum impact and incrementally invest in CSR activities 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.**

Place: Mumbai

Date: 16<sup>th</sup> May 2018

Som Mittal

Chairman – CSR Committee

Rajesh Dahiya

Executive Director (Corporate Centre)



					Annexure A		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or Activity identified	Project in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) or Project or programs wise	Amount Spent on the Projects or programs Sub-heads: (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure up to the Reporting Period	Amount Spent: Direct or through implementing Agency
1.a.	Contribution to Bank Foundation and its partner NGOs 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>	Axis Education (including vocational skills training, conservation of natural resources and rural development)	1. Local area (157 districts) and others (26 districts) 2. Andhra Pradesh (9 districts), Assam (2 districts), Bihar (4 districts), Chattisgarh (7 districts), Gujarat (6 districts), Jammu & Kashmir (3 districts), Jharkhand (11 districts), Karnataka (19 districts), Madhya Pradesh (27 districts), Maharashtra (35 districts), Meghalaya (4 districts), Nagaland (1 district), Odisha (8 districts), Puducherry UT (1 district), Punjab (3 districts), Rajasthan (11 districts), Sikkim (1 district), Tamil Nadu (7 districts), Telangana (4 districts), Uttar Pradesh (12 districts), Uttarakhand (1 district) and West Bengal (7 districts)	₹36.79 crore (For 2017-18)	Direct expenditure: ₹36.79 crore Overheads: Nil	₹448.29 crore (Contribution to the corpus of Axis Bank Foundation and its partner NGOs since 2006-07)	Through Axis Bank Foundation and its partner NGOs
1.b.	Contribution to NGOs for conducting livelihood enhancement, vocational skills training, conservation of natural resources and rural development programs	NGOs Livelihood enhancement, vocational skills training, conservation of natural resources and rural development		₹45.45 crore (For 2017-18)	Direct expenditure: ₹44.39 crore Overheads: Nil	₹44.39 crore (For 2017-18)	Through implementing agencies
1.c.	Contribution to NGOs for conducting other programs (creating model villages)	Conducting other programs		₹4.28 crore (For 2017-18)	Direct expenditure: ₹10 crore Overheads: Nil	₹10 crore (For 2017-18)	Through implementing agencies
2	Financial literacy and inclusion awareness program: a. Financial and 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.	Financial literacy and inclusion awareness program: a. Financial and 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.	1. Local area (655 districts) and Others (1 district) 2. Andaman & Nicobar UT (2 districts), Andhra Pradesh (15 districts), Arunachal Pradesh (4 districts), Assam (30 districts), Bihar (40 districts), Chandigarh UT (1 district), Chattisgarh (23 districts), Dadra & Nagar UT (1 district), Daman & Diu UT (2 districts), Delhi (12 districts), Goa (2 districts), Gujarat (31 districts), Haryana (20 districts), Himachal Pradesh (8 districts), Jammu & Kashmir (14 districts), Jharkhand (25 districts), Karnataka (33 districts), Kerala (14 districts), Madhya Pradesh (51 districts), Maharashtra (43 districts), Manipur (7 districts), Meghalaya (4 districts), Mizoram (3 districts), Nagaland (4 districts), Odisha (32 districts), Puducherry UT (3 districts), Punjab (22 districts), Rajasthan (34 districts), Sikkim (4 districts), Tamil Nadu (34 districts), Telangana (29 districts), Tripura (5 districts), Uttar Pradesh (72 districts), Uttarakhand (11 districts) and West Bengal (21 districts)	₹12.66 crore	Direct expenditure: ₹15.76 crore Overheads: Nil	₹121.41 crore (since 2014-15)	Direct and through Business Correspondents and implementing agencies
b.	Financial literacy and consumer awareness initiatives to safeguard against fraud and cybercrime, health and sanitation and other social camps	Financial literacy and consumer awareness initiatives to safeguard against fraud and cybercrime, health and sanitation and other social camps					
c.	Financial literacy and health camps	Financial literacy and health camps					

Annexure A								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or Programs	Amount Outlay (Budget)	Amount Spent on the Projects or programs Sub-heads: (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure up to the Reporting Period	Amount Spent: Direct or through implementing Agency	
			(1) Local area or other (2) Specify the State and district where projects or programs was undertaken					
3	Environmental sustainability program: a. Reduction of GHG emissions through use of renewable energy and optimising energy efficiency and maintaining ecological balance	Environmental sustainability program: 1. Local area (51 districts) and others (1 district) 2. Andhra Pradesh (3 districts), Assam (1 district), Bihar (1 district), Chattisgarh (1 district), Delhi (2 districts), Gujarat (6 districts), Haryana (2 districts), Jharkhand (1 district), Karnataka (4 districts), Madhya Pradesh (1 district), Maharashtra (5 districts), Manipur (1 district), Odisha (5 districts), Punjab (3 districts), Rajasthan (3 districts), Tamil Nadu (3 districts), Telangana (1 district), Tripura (1 district), Uttar Pradesh (1 district) and West Bengal (7 districts)		₹16 crore	Direct expenditure: ₹9.69 crore Overheads: Nil	₹62.28 crore (since 2014-15)	Direct and through implementing agencies	
4	MSME Sector building Education program: (skills development) Contribute to MSME sector capabilities enhancement through knowledge based skills development.	1. Local area (43 districts) 2. Andhra Pradesh (2 districts), Assam (2 districts), Bihar (1 district), Chattisgarh (1 district), Delhi (1 district), Gujarat (5 districts), Haryana (2 districts), Jharkhand (1 district), Karnataka (2 districts), Kerala (1 district), Madhya Pradesh (2 districts), Maharashtra (6 districts), Odisha (2 districts), Punjab (1 district), Rajasthan (2 districts), Tamil Nadu (3 districts), Telangana (1 district), Uttar Pradesh (4 districts), Uttarakhand (1 district) and West Bengal (3 districts)		₹4 crore	Direct expenditure: ₹3.42 crore Overheads: Nil	₹10.16 crore (since 2014-15)	Direct	
5	Education and development program: (skills development) a. Promoting and measures for entrepreneurial skills reducing inequalities among start-ups faced by socially b. Imparting employable and economically skills to youth backward groups c. Empowering Persons with Disabilities (PwDs) d. Promoting education and skills in remote schools	1. Local area (2 districts) and others (1 district) 2. Jammu & Kashmir (2 districts) and Karnataka (1 district)		₹14.50 crore	Direct expenditure: ₹10.46 crore Overheads: Nil	₹17.77 crore (since 2015-16)	Direct and through implementing agencies	
6	Administrative and other sub-rule 6 of CSR Rules expenses including salaries 2014 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, Not Applicable		₹3.56 crore	Direct expenditure: Nil Overheads: ₹3.24 crore	₹8.92 crore (since 2014-15)	Direct	
<b>TOTAL</b>				<b>₹137.24 crore</b>	<b>₹133.77 crore</b>	<b>₹723.22 crore</b>		

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



## Form No. MR-3

# SECRETARIAL AUDIT REPORT

For the financial year ended 31<sup>st</sup> March 2018

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule no. 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,  
Law Garden Ellisbridge,  
Ahmedabad – 380 006  
Gujarat.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Axis Bank Limited -CIN No. L65110GJ1993PLC020769** (hereinafter called the 'Bank') for the audit period covering the financial year ended on 31<sup>st</sup> March 2018 (the 'audit period'). 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, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Bank has, during the audit period 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, minute books, forms and returns filed and other records maintained by the Bank for the audit period, according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder 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, 2015; *except that SEBI has vide its Directions dated 27<sup>th</sup> December 2017 came to prima facie inference that the Unpublished Price Sensitive Information relating to financials of the Bank for the first quarter of 2017-18 was leaked due to inadequacy of the processes, controls, systems put in place by the Bank and hence, inter alia, directed the Bank to strengthen the same so that such instance of leakage of unpublished price sensitive information do not recur in the future and to conduct an internal inquiry into the said leakage and take appropriate action against those responsible for the same. As per the said Directions of the SEBI, the Bank conducted an inquiry into the matter by appointing an independent external agency. The draft report of the said external agency was placed at the meetings of Audit Committee and Board of Directors held on 9<sup>th</sup> April 2018 and the inquiry report was thereafter submitted to SEBI on 13<sup>th</sup> April 2018, in terms of the said Directions.*
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008,
  - (f) 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;
  - (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - (h) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992; and
  - (i) The Securities and Exchange Board of India (Banker to Issue) Regulations, 1994.
- (vi) The Banking Regulations Act, 1949, as specifically applicable to the Bank.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India related to Board Meetings and General Meetings.

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

During the period under review, provisions of the following regulations were not applicable to the Bank:

- (a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- (c) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings.

### **We further report that –**

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the audit period 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 where the same were given at shorter notice than seven days, prior consent thereof were obtained, 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.

Decisions at the meetings of the Board of Directors of the Bank and at Committees were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors of the Bank during the audit period.

### **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 the applicable laws, rules, regulations and guidelines.

### **We further report that –**

During the audit period, the Bank has:

1. Allotted following Unsecured Non –Convertible Debentures on a Private Placement Basis,
  - a. 50,000 Unsecured Redeemable Non-Convertible Subordinated Debenture (Series-27) of face value ₹10 Lakh each at par aggregating to ₹5000 Crore (Rupees Five Thousand Crore Only) on 15<sup>th</sup> June 2017.
  - b. 35,000 Unsecured Subordinated Perpetual Additional Tier 1 Non-Convertible Debenture (Series-28) of face value ₹10 Lakh each at par aggregating to ₹3,500 crore (Rupees Three Thousand Five Hundred Crores Only) on 28<sup>th</sup> June 2017.



2. Acquired of 100% Equity Capital of Accelyst Solutions Private Limited ("Accelyst") and Freecharge Payment Technologies Private Limited ("FPTPL"). The Bank has received approval from Reserve Bank of India (RBI) on 25<sup>th</sup> September 2017.
3. Pursuant to the approval of the Board of Directors of the Bank at its meeting held on 26<sup>th</sup> July 2017, the Bank entered into a Share Purchase Agreement with Jasper Infotech Private Limited to acquire 100% equity capital of Accelyst and FPTPL. The Bank has received approval from Reserve Bank of India (RBI) on 25<sup>th</sup> September 2017.
4. Approval of shareholders was obtained vide Special Resolution dated 26<sup>th</sup> July 2017 for Borrowings/Raising funds by issue of Debt Securities including but not limited to Long Term Bonds, Green Bonds, Non- Convertible Debentures, Perpetual Debt Instruments and Tier II Capital bonds or such other debt securities as approved by RBI on a private placement basis for an amount of upto ₹35,000 crores.
5. Issued and allotted equity shares and convertible warrants to following Investors on a preferential basis on 18<sup>th</sup> December 2017:
  - a. 5,56,00,000 equity shares of face value ₹2 each (the "Investor 1 Equity Shares") to BC Asia Investments VII Limited (the "Investor 1") at a price of ₹525 (Five Hundred and Twenty-Five Only) per Equity Share;
  - b. 3,19,00,000 equity shares of face value ₹2 each (the "Investor 2 Equity Shares") to Integral Investments South Asia IV (the "Investor 2") at a price of ₹525 (Five Hundred and Twenty-Five Only) per Equity Share;
  - c. 4,00,00,000 warrants carrying an option to subscribe to an equivalent number of equity shares of ₹2 each (the "Investor 3 Convertible Warrants") to BC Asia Investments III Limited (the "Investor 3") at a price of ₹565 (Five Hundred and Sixty-Five Only) per warrant;
  - d. 59,98,000 equity shares of face value ₹2 each (the "Investor 4 Equity Shares") to New World Fund. Inc (the "Investor 4") at a price of ₹525 (Five Hundred and Twenty-Five Only) per Equity Share;
  - e. 2,26,884 equity shares of face value ₹2 each (the "Investor 5 Equity Shares") to Capital Group New World Fund (LUX) (the "Investor 5") at a price of ₹525 (Five Hundred and Twenty-Five Only) per Equity Share;
  - f. 53,08,000 equity shares of face value ₹2 each (the "Investor 6 Equity Shares") to American Funds Insurance Series – International Fund (the "Investor 6") at a price of ₹525 (Five Hundred and Twenty-Five Only) per Equity Share;
  - g. 4,28,72,967 equity shares of face value ₹2 each (the "Investor 7 Equity Shares") to Europacific Growth Fund (the "Investor 7") at a price of ₹525 (Five Hundred and Twenty-Five Only) per Equity Share;
  - h. 5,65,899 equity shares of face value ₹2 each (the "Investor 8 Equity Shares") to American Funds Insurance Series – International Growth and Income Fund (the "Investor 8") at a price of ₹525 (Five Hundred and Twenty-Five Only) per Equity Share;
  - i. 27,86,000 warrants carrying an option to subscribe to an equivalent number of equity shares of ₹2 each (the "Investor 4 Convertible Warrants") to Investor 4 at a price of ₹565 (Five Hundred and Sixty-Five Only) per warrant;
  - j. 1,05,385 warrants carrying an option to subscribe to an equivalent number of equity shares of ₹2 each (the "Investor 5 Convertible Warrants") to Investor 5 at a price of ₹565 (Five Hundred and Sixty-Five Only) per warrant;
  - k. 24,66,000 warrants carrying an option to subscribe to an equivalent number of equity shares of ₹2 each (the "Investor 6 Convertible Warrants") to Investor 6 at a price of ₹565 (Five Hundred and Sixty-Five Only) per warrant;
  - l. 2,28,57,142 equity shares of face value ₹2 each (the "Promoter Investor Equity Shares") to Life Insurance Corporation of India (the "Promoter Investor") at a price of ₹525 (Five Hundred and Twenty-Five Only) per Equity Share.

**For BNP & Associates  
Company Secretaries**

**Date: 16<sup>th</sup> May 2018  
Place: Mumbai**

**Prakash K. Pandya  
Partner  
FCS 3901/ CP No. 2311**

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**

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Axis Bank Limited (the 'Bank') is the responsibility of the management of the Bank. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Bank. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Bank, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records were produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
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 BNP & Associates  
Company Secretaries**

**Date: 16<sup>th</sup> May 2018  
Place: Mumbai**

**Prakash K. Pandya  
Partner  
FCS 3901/ CP No. 2311**



## © FINANCIAL STATEMENTS

### **130-262**

- 130 Independent Auditor's report - Standalone Financial Statements
- 134 Standalone Financial Statements
- 214 Independent Auditor's report - Consolidated Financial Statements
- 218 Consolidated Financial Statements
- 262 Form AOC 1

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Axis Bank Limited

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of Axis Bank Limited (the 'Bank'), which comprise the Balance Sheet as at March 31, 2018, the Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes to the financial statements.

### Management's Responsibility for the Financial Statements

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 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 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 and the Companies (Accounting Standards) Amendment Rules, 2016, provision of section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. 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 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

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 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.

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 financial 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 financial 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 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 on the standalone financial statements.

### Opinion

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 give the information required by the Banking Regulation Act, 1949 as well as 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 Bank as at March 31, 2018, its profit and cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. 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 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.
2. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and the appointment letter dated 3 August 2017, 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 172 branches for the purpose of our audit.

3. 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 explanations 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 it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this 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 the Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;
- (g) 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:
  - i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Schedule 12.1, 18.2.2.15 (a) and 18.2.2.15 (f) to the standalone financial statements;
  - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 18.2.2.15 (f) to the standalone financial statements; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank;

**For S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Viren H. Mehta**

Partner

Membership Number: 048749

Place of Signature: Mumbai

Date: 26 April 2018

## **ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AXIS BANK LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

#### **To the Members of Axis Bank Limited**

We have audited the internal financial controls over financial reporting of Axis Bank Limited ("the Bank") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013; in so far as they apply to the Bank and the Guidelines issued by the Reserve Bank of India.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Viren H. Mehta**

Partner

Membership Number: 048749

Place of Signature: Mumbai

Date: 26 April 2018

# BALANCE SHEET

## AS AT 31 MARCH, 2018

(₹ in Thousands)

Schedule No.	<b>As at 31-03-2018</b>	As at 31-03-2017
-----------------	-----------------------------	---------------------



<b>Capital and Liabilities</b>			
Capital	1	5,133,078	4,790,072
Reserves & Surplus	2	629,319,518	552,835,346
Deposits	3	4,536,227,223	4,143,787,878
Borrowings	4	1,480,161,446	1,050,308,694
Other Liabilities and Provisions	5	262,454,534	262,954,713
<b>Total</b>		<b>6,913,295,799</b>	<b>6,014,676,703</b>
<b>Assets</b>			
Cash and Balances with Reserve Bank of India	6	354,810,577	308,579,390
Balances with Banks and Money at Call and Short Notice	7	79,738,329	193,982,441
Investments	8	1,538,760,827	1,287,933,704
Advances	9	4,396,503,045	3,730,693,495
Fixed Assets	10	39,716,792	37,468,925
Other Assets	11	503,766,229	456,018,748
<b>Total</b>		<b>6,913,295,799</b>	<b>6,014,676,703</b>
Contingent Liabilities	12	7,352,976,985	6,696,258,442
Bills for Collection		495,656,026	810,553,648
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  
ICAI Firm Registration Number: 301003E/E300005

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

Samir K. Barua  
Director

S. Vishvanathan  
Director

Rakesh Makhija  
Director

Shikha Sharma  
Managing Director & CEO

Date : 26 April, 2018  
Place: Mumbai

Girish V. Koliyote  
Company Secretary

Jairam Sridharan  
Chief Financial Officer

V. Srinivasan  
Deputy Managing Director





## PROFIT & LOSS ACCOUNT

### FOR THE YEAR ENDED 31 MARCH, 2018

	Schedule No.	Year ended 31-03-2018 ▽	(₹ in Thousands) Year ended 31-03-2017
<b>I Income</b>			
Interest earned	13	457,803,123	445,421,579
Other income	14	109,670,865	116,913,107
<b>Total</b>		<b>567,473,988</b>	<b>562,334,686</b>
<b>II Expenditure</b>			
Interest expended	15	271,625,818	264,490,420
Operating expenses	16	139,903,398	121,999,053
Provisions and contingencies	18 (2.1.1)	153,187,959	139,052,421
<b>Total</b>		<b>564,717,175</b>	<b>525,541,894</b>
<b>III Net Profit For The Year (I - II)</b>		<b>2,756,813</b>	<b>36,792,792</b>
Balance in Profit & Loss Account brought forward from previous year		244,483,275	237,664,559
<b>IV Amount Available For Appropriation</b>		<b>247,240,088</b>	<b>274,457,351</b>
<b>V Appropriations:</b>			
Transfer to Statutory Reserve		689,203	9,198,198
Transfer to/(from) Investment Reserve		1,034,894	(871,671)
Transfer to Capital Reserve	18 (2.2.1)	1,016,559	7,555,740
Transfer to Reserve Fund	18 (2.2.2)	16,158	17,522
Dividend paid (includes tax on dividend)	18 (2.2.5)	14,052,756	14,074,287
Balance in Profit & Loss Account carried forward		230,430,518	244,483,275
<b>Total</b>		<b>247,240,088</b>	<b>274,457,351</b>
<b>VI Earnings Per Equity Share</b>	18 (2.2.3)		
(Face value ₹2/- per share) (Rupees)			
Basic		1.13	15.40
Diluted		1.12	15.34
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  
ICAI Firm Registration Number: 301003E/E300005

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

Samir K. Barua  
Director

S. Vishvanathan  
Director

Rakesh Makhija  
Director

Shikha Sharma  
Managing Director & CEO

Date : 26 April, 2018  
Place: Mumbai

Girish V. Koliyote  
Company Secretary

Jairam Sridharan  
Chief Financial Officer

V. Srinivasan  
Deputy Managing Director

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in Thousands)

**Year ended  
31-03-2018**

Year ended  
31-03-2017


<b>Cash flow from operating activities</b>		
Net profit before taxes	1,215,715	54,675,647
Adjustments for:		
Depreciation on fixed assets	5,680,974	5,087,979
Depreciation on investments	(2,110,133)	2,386,992
Amortisation of premium on Held to Maturity investments	2,819,661	1,352,848
Provision for Non Performing Assets (including bad debts)	165,987,074	111,570,646
Provision on standard assets	(1,350,017)	3,484,504
Provision on unhedged foreign currency exposure	(93,000)	(138,800)
(Profit)/loss on sale of fixed assets (net)	163,809	35,506
Provision for country risk	(199,434)	199,434
Provision for restructured assets/strategic debt restructuring/sustainable structuring	(3,071,587)	2,905,233
Provision for other contingencies	(4,433,847)	761,558
	164,609,215	182,321,547
Adjustments for:		
(Increase)/Decrease in investments	(174,381,077)	132,717,737
(Increase)/Decrease in advances	(811,747,986)	(444,184,140)
Increase /(Decrease) in deposits	392,439,345	564,112,274
(Increase)/Decrease in other assets	(16,147,141)	(96,324,158)
Increase/(Decrease) in other liabilities & provisions	8,353,896	54,110,786
Direct taxes paid	(30,059,243)	(50,831,209)
<b>Net cash flow from operating activities</b>	<b>(466,932,991)</b>	<b>341,922,837</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(8,224,338)	(7,426,953)
(Increase)/Decrease in Held to Maturity investments	(89,688,722)	(117,857,686)
Purchase of Freecharge business	(3,954,556)	-
Increase in Investment in Subsidiaries	(3,250,000)	(1,167,500)
Decrease in Investment in Subsidiaries	-	83,658
Proceeds from sale of fixed assets	114,565	64,612
<b>Net cash used in investing activities</b>	<b>(105,003,051)</b>	<b>(126,303,869)</b>



(₹ in Thousands)

**Year ended  
31-03-2018**Year ended  
31-03-2017

<b>Cash flow from financing activities</b>		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	81,109,364	55,458,748
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	348,743,388	(90,953,843)
Proceeds from issue of share capital	343,006	24,409
Proceeds from share premium (net of share issue expenses)	87,864,789	3,256,270
Payment of dividend	(14,052,756)	(14,074,287)
<b>Net cash generated from financing activities</b>	<b>504,007,791</b>	<b>(46,288,703)</b>
Effect of exchange fluctuation translation reserve	(84,674)	(22,838)
Net increase in cash and cash equivalents	(68,012,925)	169,307,427
Cash and cash equivalents at the beginning of the year	502,561,831	333,254,404
<b>Cash and cash equivalents at the end of the year</b>	<b>434,548,906</b>	<b>502,561,831</b>
<b>Notes to the Cash Flow Statement:</b>		
1. Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	354,810,577	308,579,390
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	79,738,329	193,982,441
<b>Cash and cash equivalents at the end of the year</b>	<b>434,548,906</b>	<b>502,561,831</b>
2. Amount of Corporate Social Responsibility related expenses spent during the year in cash ₹126.50 crores (previous year ₹109.58 crores)		

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

Samir K. Barua  
Director

S. Vishvanathan  
Director

Rakesh Makhija  
Director

Shikha Sharma  
Managing Director & CEO

Date : 26 April, 2018  
Place: Mumbai

Girish V. Koliyote  
Company Secretary

Jairam Sridharan  
Chief Financial Officer

V. Srinivasan  
Deputy Managing Director

# SCHEDULES FORMING PART OF THE BALANCE SHEET

AS AT 31 MARCH, 2018

## Schedule 1 - Capital

(₹ in Thousands)

	As at 31-03-2018 ▽	As at 31-03-2017
<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>		
2,566,538,936 (Previous year - 2,395,036,109) Equity Shares of ₹2/- each fully paid-up [refer Schedule 18(1.1)]	5,133,078	4,790,072

## Schedule 2 - Reserves and Surplus

(₹ in Thousands)

	As at 31-03-2018 ▽	As at 31-03-2017
<b>I. Statutory Reserve</b>		
Opening Balance	115,070,523	105,872,325
Additions during the year	689,203	9,198,198
	115,759,726	115,070,523
<b>II. Share Premium Account</b>		
Opening Balance	170,025,731	166,769,462
Additions during the year	88,122,658	3,256,269
Less: Share issue expenses	(257,869)	-
	257,890,520	170,025,731
<b>III. Investment Reserve Account</b>		
Opening Balance	-	871,671
Additions during the year	1,034,894	-
Deductions during the year	-	(871,671)
	1,034,894	-
<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	18,656,395	11,100,655
Additions during the year [Refer Schedule 18 (2.2.1)]	1,016,559	7,555,740
	19,672,954	18,656,395
<b>VI. Foreign Currency Translation Reserve</b> [Refer Schedule 17 (4.5)]		
Opening Balance	997,506	1,020,343
Additions during the year	-	-
Deductions during the year	(84,674)	(22,837)
	912,832	997,506
<b>VII. Reserve Fund</b>		
Opening Balance	58,816	41,294
Additions during the year [Refer Schedule 18 (2.2.2)]	16,158	17,522
	74,974	58,816
<b>VIII. Balance in Profit &amp; Loss Account</b>		
Total	230,430,518	244,483,275
	629,319,518	552,835,346



### Schedule 3 - Deposits

			(₹ in Thousands)
			As at
			31-03-2017
			As at
			31-03-2018
			▽
A.	I.	Demand Deposits	
	(i)	From banks	58,821,218
	(ii)	From others	897,674,284
	II.	Savings Bank Deposits	1,482,020,475
	III.	Term Deposits	
	(i)	From banks	125,623,957
	(ii)	From others	1,972,087,289
Total			4,536,227,223
B.	I.	Deposits of branches in India	4,513,153,671
	II.	Deposits of branches outside India	23,073,552
Total			4,536,227,223

### Schedule 4 - Borrowings

			(₹ in Thousands)
			As at
			31-03-2017
			As at
			31-03-2018
			▽
I.		Borrowings in India	
	(i)	Reserve Bank of India	61,000,000
	(ii)	Other banks #	12,017,000
	(iii)	Other institutions & agencies **	687,948,202
II.		Borrowings outside India \$	719,196,244
Total			1,480,161,446
Secured borrowings included in I & II above			65,837,380

# Borrowings from other banks include Subordinated Debt of ₹35.00 crores (previous year ₹35.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹50.00 crores (previous year Nil) [Also refer Note 18 (2.1.2)]

\*\* Borrowings from other institutions & agencies include Subordinated Debt of ₹21,170.00 crores (previous year ₹16,170.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹6,950.00 crores (previous year ₹3,500.00 crores) [Also refer Note 18 (2.1.2)]

\$ Borrowings outside India include Upper Tier II instruments of Nil (previous year ₹389.06 crores) [Also refer Note 18 (2.1.2)]

### Schedule 5 - Other Liabilities and Provisions

			(₹ in Thousands)
			As at
			31-03-2017
			As at
			31-03-2018
			▽
I.		Bills payable	49,175,679
II.		Inter-office adjustments (net)	-
III.		Interest accrued	30,348,683
IV.		Proposed dividend (includes tax on dividend) [Refer Schedule 18(2.2.5)]	-
V.		Contingent provision against standard assets	22,075,241
VI.		Others (including provisions)	160,854,931
Total			262,454,534

## Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

	<b>As at 31-03-2018</b>	<b>As at 31-03-2017</b>
	▽	
I. Cash in hand (including foreign currency notes)	52,580,352	63,579,154
II. Balances with Reserve Bank of India		
(i) in Current Account	208,230,225	183,000,236
(ii) in Other Accounts	94,000,000	62,000,000
<b>Total</b>	<b>354,810,577</b>	<b>308,579,390</b>

## Schedule 7 - Balances with Banks and Money at Call and Short Notice

(₹ in Thousands)

	<b>As at 31-03-2018</b>	<b>As at 31-03-2017</b>
	▽	
I. In India		
(i) Balance with Banks		
(a) in Current Accounts	1,199,457	1,423,790
(b) in Other Deposit Accounts	30,987,346	19,594,700
(ii) Money at Call and Short Notice		
(a) With banks	-	-
(b) With other institutions	-	143,221,545
<b>Total</b>	<b>32,186,803</b>	<b>164,240,035</b>
II. Outside India		
(i) in Current Accounts	20,263,092	9,689,155
(ii) in Other Deposit Accounts	11,537,816	14,755,151
(iii) Money at Call & Short Notice	15,750,618	5,298,100
<b>Total</b>	<b>47,551,526</b>	<b>29,742,406</b>
<b>Grand Total (I+II)</b>	<b>79,738,329</b>	<b>193,982,441</b>

## Schedule 8 - Investments

(₹ in Thousands)

	<b>As at 31-03-2018</b>	<b>As at 31-03-2017</b>
	▽	
<b>I. Investments in India in -</b>		
(i) Government Securities ##	1,013,545,679	905,980,625
(ii) Other approved securities	-	-
(iii) Shares	15,255,309	13,227,530
(iv) Debentures and Bonds	306,537,689	264,848,859
(v) Investment in Subsidiaries/Joint Ventures	17,931,421	10,726,865
(vi) Others (Mutual Fund units, CD/CP, PTC etc.)	152,548,130	64,196,202
<b>Total Investments in India</b>	<b>1,505,818,228</b>	<b>1,258,980,081</b>
<b>II. Investments outside India in -</b>		
(i) Government Securities (including local authorities)	26,984,150	24,097,852
(ii) Subsidiaries and/or joint ventures abroad	2,995,712	2,995,712
(iii) Others (Equity Shares and Bonds)	2,962,737	1,860,059
<b>Total Investments outside India</b>	<b>32,942,599</b>	<b>28,953,623</b>
<b>Grand Total (I+II)</b>	<b>1,538,760,827</b>	<b>1,287,933,704</b>

## Includes securities costing ₹27,588.43 crores (previous year ₹27,179.69 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements





## Schedule 9 - Advances

(₹ in Thousands)

	As at 31-03-2018 ▽	As at 31-03-2017
A. (i) Bills purchased and discounted	128,131,247	67,496,591
(ii) Cash credits, overdrafts and loans repayable on demand	1,381,341,566	1,042,273,019
(iii) Term loans <sup>#</sup>	2,887,030,232	2,620,923,885
<b>Total</b>	<b>4,396,503,045</b>	<b>3,730,693,495</b>
B. (i) Secured by tangible assets <sup>\$</sup>	3,094,017,064	2,840,548,136
(ii) Covered by Bank/Government Guarantees <sup>&amp;&amp;</sup>	37,502,934	63,995,186
(iii) Unsecured	1,264,983,047	826,150,173
<b>Total</b>	<b>4,396,503,045</b>	<b>3,730,693,495</b>
C. I. Advances in India		
(i) Priority Sector	986,081,073	938,737,979
(ii) Public Sector	48,271,057	29,134,862
(iii) Banks	32,204,558	7,233,845
(iv) Others	2,792,292,698	2,273,892,697
<b>Total</b>	<b>3,858,849,386</b>	<b>3,248,999,383</b>
II. Advances Outside India		
(i) Due from banks	78,991,174	26,861,261
(ii) Due from others -		
(a) Bills purchased and discounted	32,721,313	25,448,317
(b) Syndicated loans	77,652,080	91,277,687
(c) Others	348,289,092	338,106,847
<b>Total</b>	<b>537,653,659</b>	<b>481,694,112</b>
<b>Grand Total (CI+CII)</b>	<b>4,396,503,045</b>	<b>3,730,693,495</b>

<sup>#</sup> Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹1,399.00 crores (previous year Nil), includes IBPC lending ₹1,303.32 crores (previous year Nil)

<sup>\$</sup> Includes advances against book debts

<sup>&&</sup> Includes advances against L/Cs issued by banks

## Schedule 10 - Fixed Assets

	As at 31-03-2018 ▽	(₹ in Thousands) As at 31-03-2017
<b>I. Premises</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	18,330,983	18,289,466
Additions during the year	-	41,517
Deductions during the year	-	-
<b>Total</b>	<b>18,330,983</b>	<b>18,330,983</b>
<b>Depreciation</b>		
As at the beginning of the year	1,165,354	860,678
Charge for the year	304,673	304,676
Deductions during the year	-	-
Depreciation to date	1,470,027	1,165,354
<b>Net Block</b>	<b>16,860,956</b>	<b>17,165,629</b>
<b>II. Other fixed assets (including furniture &amp; fixtures)</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	45,796,606	39,665,948
Additions during the year	7,573,015	6,645,577
Deductions during the year	(1,165,234)	(514,919)
<b>Total</b>	<b>52,204,387</b>	<b>45,796,606</b>
<b>Depreciation</b>		
As at the beginning of the year	28,302,892	23,932,741
Charge for the year	5,376,301	4,783,303
Deductions during the year	(869,734)	(413,152)
Depreciation to date	32,809,459	28,302,892
<b>Net Block</b>	<b>19,394,928</b>	<b>17,493,714</b>
<b>III. Capital Work-In-Progress (including capital advances)</b>	<b>3,460,908</b>	<b>2,809,582</b>
<b>Grand Total (I+II+III)</b>	<b>39,716,792</b>	<b>37,468,925</b>

## Schedule 11 - Other Assets

	As at 31-03-2018 ▽	(₹ in Thousands) As at 31-03-2017
I. Inter-office adjustments (net)	-	-
II. Interest Accrued	56,655,247	52,440,280
III. Tax paid in advance/tax deducted at source (net of provisions)	17,448,539	4,101,192
IV. Stationery and stamps	3,829	19,790
V. Non banking assets acquired in satisfaction of claims	22,086,151	22,086,151
VI. Others <sup>#@</sup>	407,572,463	377,371,335
<b>Total</b>	<b>503,766,229</b>	<b>456,018,748</b>

# Includes deferred tax assets of ₹6,876.35 crores (previous year ₹5,062.19 crores) [Refer Schedule 18 (2.2.10)]

@ Includes Priority Sector Shortfall Deposits of ₹21,479.30 crores (previous year ₹17,107.12 crores)



## Schedule 12 - Contingent Liabilities

			(₹ in Thousands)
		As at 31-03-2018	As at 31-03-2017
		▽	
I.	Claims against the Bank not acknowledged as debts	5,169,119	4,702,440
II.	Liability for partly paid investments	216,000	-
III.	Liability on account of outstanding forward exchange and derivative contracts:		
a)	Forward Contracts	3,148,018,991	2,681,952,183
b)	Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	1,960,694,522	2,011,141,718
c)	Foreign Currency Options	593,425,900	493,833,247
	<b>Total (a+b+c)</b>	<b>5,702,139,413</b>	<b>5,186,927,148</b>
IV.	Guarantees given on behalf of constituents		
	In India	762,933,813	763,736,463
	Outside India	86,819,823	47,579,859
V.	Acceptances, endorsements and other obligations	324,101,256	335,366,639
VI.	Other items for which the Bank is contingently liable	471,597,561	357,945,893
	<b>Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.2.15)]</b>	<b>7,352,976,985</b>	<b>6,696,258,442</b>

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

### FOR THE YEAR ENDED 31 MARCH, 2018

#### Schedule 13 - Interest Earned

	Year ended 31-03-2018 ▽	(₹ in Thousands) Year ended 31-03-2017
I. Interest/discount on advances/bills	341,374,719	331,249,593
II. Income on investments	99,833,027	96,228,239
III. Interest on balances with Reserve Bank of India and other inter-bank funds	3,878,262	5,038,389
IV. Others	12,717,115	12,905,358
<b>Total</b>	<b>457,803,123</b>	<b>445,421,579</b>

#### Schedule 14 - Other Income

	Year ended 31-03-2018 ▽	(₹ in Thousands) Year ended 31-03-2017
I. Commission, exchange and brokerage	77,298,752	70,283,094
II. Profit/(Loss) on sale of investments (net) [Refer Schedule 18(2.2.1)]	13,251,603	31,737,897
III. Profit/(Loss) on sale of fixed assets (net)	(163,809)	(35,506)
IV. Profit on exchange/derivative transactions (net)	14,286,958	10,802,458
V. Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	2,560,608	1,832,842
VI. Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years ₹182.92 crores (previous year ₹181.89 crores) and net loss on account of portfolio sell downs/securitisation ₹0.64 crores (previous year net profit of ₹3.79 crores)]	2,436,753	2,292,322
<b>Total</b>	<b>109,670,865</b>	<b>116,913,107</b>

#### Schedule 15 - Interest Expended

	Year ended 31-03-2018 ▽	(₹ in Thousands) Year ended 31-03-2017
I. Interest on deposits	191,735,198	196,396,260
II. Interest on Reserve Bank of India/Inter-bank borrowings	17,982,554	18,358,479
III. Others	61,908,066	49,735,681
<b>Total</b>	<b>271,625,818</b>	<b>264,490,420</b>

#### Schedule 16 - Operating Expenses

	Year ended 31-03-2018 ▽	(₹ in Thousands) Year ended 31-03-2017
I. Payments to and provisions for employees	43,129,556	38,918,640
II. Rent, taxes and lighting	10,017,106	9,345,921
III. Printing and stationery	1,646,269	1,860,164
IV. Advertisement and publicity	1,536,459	1,303,362
V. Depreciation on bank's property	5,680,974	5,087,979
VI. Directors' fees, allowance and expenses	23,344	24,668
VII. Auditors' fees and expenses	18,697	17,976
VIII. Law charges	200,587	109,057
IX. Postage, telegrams, telephones etc.	3,119,630	3,040,845
X. Repairs and maintenance	8,291,777	8,565,421
XI. Insurance	5,535,110	5,014,831
XII. Other expenditure	60,703,889	48,710,189
<b>Total</b>	<b>139,903,398</b>	<b>121,999,053</b>



## 17 SIGNIFICANT ACCOUNTING POLICIES

### FOR THE YEAR ENDED 31 MARCH, 2018

#### 1 Background

Axis Bank Limited ('the Bank') was incorporated in 1993 and provides a complete suite of corporate and retail banking products. The Bank is primarily governed by the Banking Regulation Act, 1949. The Bank has overseas branches at Singapore, Hong Kong, DIFC - Dubai, Shanghai and Colombo. During the year, the Bank opened an Offshore Banking Unit at International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

#### 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 and the Companies (Accounting Standards) Amendment Rules, 2016 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 (including contingent liabilities) at the date of the financial statements, revenues and expenses during the reporting period. 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')/Financial Benchmark India Private Limited ('FBIL'), 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 depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. The book value of individual securities is not changed consequent to the periodic valuation of investments. Non-performing investments are identified and provision is made thereon as per RBI guidelines.

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:

- the market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is computed as per the Yield-to-Maturity ('YTM') rates published by FIMMDA/FBIL;
- 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/FBIL 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/FBIL 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 August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines and
- in case of investments in security receipts on or after 1 April, 2017 which are backed by more than 50 percent of the stressed assets sold by the Bank, provision for depreciation in value is made at the higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/Securitisation Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank. All other investments in security receipts are valued as per the NAV obtained from the issuing RC/SCs.

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. Realised gains/losses on investments under the AFS and HFT category 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.

#### Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

#### 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 and netted off from investments in the Balance Sheet. 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 bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs, provisions in lieu of diminution in the fair value of restructured assets and floating provisions.

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. 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. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time. 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.

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

The Bank holds provision in accordance with the RBI guidelines, on assets where change in ownership under Strategic Debt Restructuring (SDR) scheme/Outside SDR scheme has been implemented or Scheme for Sustainable Structuring of Stressed Asset (S4A) has been implemented. In respect of borrowers classified as non-cooperative and wilful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

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 against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans based on actuarial valuation conducted by an independent actuary. 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 net funded exposure of the Bank in respect of each country does not exceed 1% of the total assets, no provision is maintained on such country exposure in accordance with RBI guidelines.

### 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 and the Companies (Accounting Standards) Amendment Rules, 2016.

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 exchange rates notified by FEDAI at the Balance Sheet date.
- 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 on such disposal 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 (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis. 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. 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 contracts, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contracts 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 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, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines, except in the case of interest income on non-performing assets and loans under Strategic Debt Restructuring (SDR) scheme and Scheme for Sustainable Structuring of Stressed Asset (S4A) of RBI, where it is recognised on receipt basis if overdue for more than 90 days. Income on non-coupon bearing discounted instruments or low-coupon bearing instruments is recognised over the tenor of the instrument on a constant yield basis.

Guarantee commission is recognized on a pro-rata basis over the period of the guarantee. Locker rent and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due.

Interest income on investments in PTCs is recognized on a constant yield basis.

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.

Fees paid/received for Priority Sector Lending Certificates ('PSLC') is amortised on straight-line basis over the tenor of the certificate.

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.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

## 4.8 Fixed assets and depreciation/impairment

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes initial handling and delivery charges, 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 over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets based on historical experience of the Bank, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

Asset	Estimated useful life
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

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 (net of taxes and transfer to statutory reserve) in accordance with RBI instructions.

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 Non-banking assets

Non-banking assets ('NBAs') acquired in satisfaction of claims are carried at lower of net book value and net realizable value.

## 4.10 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.

## 4.11 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 using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.



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

#### Compensated Absences

The Bank provides for 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 lump sum 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.

#### New Pension Scheme ('NPS')

In respect of employees who opt for contribution to the 'NPS', the Bank contributes certain percentage of the total basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue.

### **4.12 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.

### **4.13 Taxation**

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income Tax Act, 1961. Deferred income taxes reflect 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 assets against liabilities representing current tax 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.

#### 4.14 Share issue expenses

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

#### 4.15 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 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 except where the results are anti-dilutive.

#### 4.16 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, if any, 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.

#### 4.17 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.

#### 4.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.





# 18 NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH, 2018**

(Currency: In Indian Rupees)

- 1.1** During the year, the Bank raised additional equity capital through a preferential allotment of 165,328,892 shares at a price of ₹525.00 per share. As a consequence, the paid-up share capital of the Bank has increased by ₹33.07 crores and the reserves of the Bank have increased by ₹8,620.73 crores after charging of issue related expenses. Further, the Bank also allotted 45,357,385 convertible warrants carrying a right to the convertible warrant holder to apply for, get issued and allotted one (1) equity share of the Bank of face value ₹2 each, for cash, at a price of ₹565.00 per share against which the Bank has received an amount of ₹640.67 crores upfront representing 25% of the warrant price. The convertible warrants are exercisable upto 18 months from the date of allotment. The funds mobilised from the equity raising were utilised for enhancing the capital adequacy ratio and for general corporate purposes.

## 2.1 Statutory disclosures as per RBI

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

For the year ended	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Provision for income tax		
- Current tax	1,671.19	4,988.90
- Deferred tax (Refer 2.2.10)	(1,825.30)	(3,200.62)
	(154.11)	1,788.28
Provision for non-performing assets (including bad debts written off and write backs)	16,598.71	11,157.06
Provision for restructured assets/strategic debt restructuring/sustainable structuring	(307.16)	290.53
Provision towards standard assets	(135.00)	348.45
Provision for depreciation in value of investments	(211.01)	238.70
Provision for unhedged foreign currency exposure	(9.30)	(13.88)
Provision for country risk	(19.94)	19.94
Provision for other contingencies*	(443.39)	76.16
<b>Total</b>	<b>15,318.80</b>	<b>13,905.24</b>

\* includes contingent provision for advances/other exposures, legal cases and other contingencies

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

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Common Equity Tier I	60,476.35	52,555.81
Tier I	67,476.27	56,039.32
Tier II	18,298.59	14,565.85
<b>Total capital</b>	<b>85,774.86</b>	<b>70,605.17</b>
Total risk weighted assets and contingents	517,630.78	472,313.18
Capital ratios		
Common Equity Tier I	11.68%	11.13%
Tier I	13.04%	11.87%
Tier II	3.53%	3.08%
<b>CRAR</b>	<b>16.57%</b>	<b>14.95%</b>
Amount of equity capital raised	33.07*	-
Amount of additional Tier I capital raised of which:		
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI) (details given below)	3,500.00	3,500.00
Amount of Tier II capital raised of which:		
Debt capital instrument (details given below)	5,000.00	4,230.00
Preferential capital instrument	-	-

\*excluding securities premium of ₹8,646.70 crores

During the year ended 31 March, 2018, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	15 June, 2027	120 months	7.66%	₹5,000 crores
Perpetual debt	Additional Tier I	-*	-	8.75%	₹3,500 crores

\*Call option on expiry of 60 months from the date of allotment

During the year ended 31 March, 2017, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Perpetual debt	Additional Tier-I	-*	-	8.75%	₹3,500 crores
Subordinated debt	Tier-II	27 May, 2026	120 months	8.50%	₹2,430 crores
Subordinated debt	Tier-II	23 November, 2026	120 months	7.84%	₹1,800 crores

\*Call option on expiry of 60 months from the date of allotment

During the year ended 31 March, 2018, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Upper Tier-II	Tier-II	28 June, 2017*	180 months	7.125%	\$60 million

\* represents call date

During the year ended 31 March, 2017, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	28 June, 2016	120 months	9.10%	₹104.90 crores
Upper Tier-II	Tier-II	11 August, 2016*	180 months	7.25%	\$150 million
Perpetual debt	Tier-I	30 September, 2016*	-	10.05%	₹214.00 crores
Perpetual debt	Tier-I	16 November, 2016*	-	7.17%	\$46 million
Upper Tier-II	Tier-II	24 November, 2016*	180 months	9.35%	₹200.00 crores
Upper Tier-II	Tier-II	6 February, 2017*	180 months	9.50%	₹107.50 crores
Subordinated debt	Tier-II	30 March, 2017	120 months	10.10%	₹250.90 crores

\* represents call date

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

As at	31 March, 2018 %	31 March, 2017 %
Interest income as a percentage to working funds <sup>#</sup>	7.15	7.88
Non-interest income as a percentage to working funds <sup>#</sup>	1.71	2.07
Operating profit as a percentage to working funds <sup>#</sup>	2.43	3.11
Return on assets (based on working funds <sup>#</sup> )	0.04	0.65
Business (deposits less inter-bank deposits plus advances) per employee**	₹14.84 crores	₹14.00 crores
Profit per employee**	₹0.47 lacs	₹6.68 lacs
Net non-performing assets as a percentage of net customer assets*	3.40	2.11

<sup>#</sup> 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



2.1.4 The provisioning coverage ratio of the Bank computed in terms of the RBI guidelines as on 31 March, 2018 was 65.05% (previous year 64.79%).

#### 2.1.5 Asset Quality

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

	31 March, 2018 %	31 March, 2017 %
	▽	
Net non-performing advances as a percentage of net advances	3.64	2.27

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

	31 March, 2018 ▽			
	Advances	Investments	Others	Total
Gross NPAs as at the beginning of the year	20,045.66	1,234.82	-	21,280.48
Intra Category Transfer	(537.85)	537.85	-	-
Additions (fresh NPAs) during the year <sup>®</sup>	31,218.46	2,200.54	-	33,419.00
Sub-total (A)	50,726.27	3,973.21	-	54,699.48
Less:-				
(i) Upgradations <sup>®</sup>	4,740.13	169.71	-	4,909.84
(ii) Recoveries (excluding recoveries made from upgraded accounts) <sup>#</sup>	3,836.02	17.13	-	3,853.15
(iii) Technical/Prudential Write-offs	9,773.94	376.21	-	10,150.15
(iv) Write-offs other than those under (iii) above <sup>#</sup>	1,499.86	37.84	-	1,537.70
Sub-total (B)	19,849.95	600.89	-	20,450.84
Gross NPAs as at the end of the year (A-B)	30,876.32	3,372.32	-	34,248.64

<sup>®</sup> Over the quarters ended 31 December, 2017 and 31 March, 2018, the Bank has changed its practice of reporting additions and upgradations to NPAs considering the days past due status of an account at the end of each day as against at the end of each quarter of a financial year, followed hitherto. Accordingly, the additions/upgradations to NPAs for FY 2017-18 shown above reflect this change prospectively over the respective periods.

<sup>#</sup> including sale of NPAs

	31 March, 2017 (₹ in crores)			
	Advances	Investments	Others*	Total
Gross NPAs as at the beginning of the year	5,848.48	239.03	-	6,087.51
Intra Category Transfer	(42.23)	45.69	(3.46)	-
Additions (fresh NPAs) during the year	19,857.84	1,920.49	3.46	21,781.79
Sub-total (A)	25,664.09	2,205.21	-	27,869.30
Less:-				
(i) Upgradations	1,806.53	559.25	-	2,365.78
(ii) Recoveries (excluding recoveries made from upgraded accounts) <sup>#</sup>	1,824.79	176.16	-	2,000.95
(iii) Technical/Prudential Write-offs	469.01	35.00	-	504.01
(iv) Write-offs other than those under (iii) above <sup>#</sup>	1,518.10	199.98	-	1,718.08
Sub-total (B)	5,618.43	970.39	-	6,588.82
Gross NPAs as at the end of the year (A-B)	20,045.66	1,234.82	-	21,280.48

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

<sup>#</sup> including sale of NPAs

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

(₹ in crores)

**31 March, 2018**


	<b>Advances</b>	<b>Investments</b>	<b>Others</b>	<b>Total</b>
Opening balance at the beginning of the year	8,487.20	139.35	-	8,626.55
Additions during the year	15,539.27	742.22	-	16,281.49
Effect of exchange rate fluctuation	(5.70)	(1.91)	-	(7.61)
Reductions during the year	(8,202.20)	(253.75)	-	(8,455.95)
Interest Capitalisation – Restructured NPA Accounts	185.85	(38.62)	-	147.23
<b>Closing balance at the end of the year<sup>#</sup></b>	<b>16,004.42</b>	<b>587.29</b>	<b>-</b>	<b>16,591.71</b>

<sup>#</sup> net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹300.98 crores

(₹ in crores)

**31 March, 2017**

	<b>Advances</b>	<b>Investments</b>	<b>Others</b>	<b>Total</b>
Opening balance at the beginning of the year	2,518.59	3.55	-	2,522.14
Additions during the year	10,000.70	1,138.60	-	11,139.30
Effect of exchange rate fluctuation	90.11	(0.64)	-	89.47
Reductions during the year	(3,977.46)	(870.69)	-	(4,848.15)
Interest Capitalisation – Restructured NPA Accounts	(144.74)	(131.47)	-	(276.21)
<b>Closing balance at the end of the year<sup>#</sup></b>	<b>8,487.20</b>	<b>139.35</b>	<b>-</b>	<b>8,626.55</b>

<sup>#</sup> net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹448.21 crores

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

(₹ in crores)

**31 March, 2018**


	<b>Advances</b>	<b>Investments</b>	<b>Others</b>	<b>Total</b>
Opening balance at the beginning of the year	11,244.79	960.93	-	12,205.72
Intra-Category Transfer	(434.71)	434.71	-	-
Provisions made during the year	15,543.21	1,561.46	-	17,104.67
Effect of exchange rate fluctuation	5.70	1.91	-	7.61
Transfer from restructuring provision	32.84	-	-	32.84
Write-offs/(write back) of excess provision*	(11,647.75)	(347.14)	-	(11,994.89)
<b>Closing balance at the end of the year</b>	<b>14,744.08</b>	<b>2,611.87</b>	<b>-</b>	<b>17,355.95</b>

\* includes provision utilised for sale of NPAs amounting to ₹552.14 crores

(₹ in crores)

**31 March, 2017**

	<b>Advances</b>	<b>Investments</b>	<b>Others</b>	<b>Total</b>
Opening balance at the beginning of the year	3,160.96	232.41	-	3,393.37
Intra-Category Transfer	(42.23)	45.69	(3.46)	-
Provisions made during the year	9,798.09	781.89	3.46	10,583.44
Effect of exchange rate fluctuation	(90.11)	0.64	-	(89.47)
Transfer from restructuring provision	59.05	-	-	59.05
Write-offs/(write back) of excess provision*	(1,640.97)	(99.70)	-	(1,740.67)
<b>Closing balance at the end of the year</b>	<b>11,244.79</b>	<b>960.93</b>	<b>-</b>	<b>12,205.72</b>

\* includes provision utilised for sale of NPAs amounting to ₹964.16 crores



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

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Opening balance at the beginning of the year	3,221.08	3,627.15
Add: Technical/Prudential write-offs during the year*	10,150.15	504.01
<b>Sub-total (A)</b>	<b>13,371.23</b>	<b>4,131.16</b>
Less: Recovery made from previously technical/prudential written-off accounts during the year	91.33	339.29
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	58.64	570.79
<b>Sub-total (B)</b>	<b>149.97</b>	<b>910.08</b>
<b>Closing balance at the end of the year (A-B)</b>	<b>13,221.26</b>	<b>3,221.08</b>

\* includes effect of exchange fluctuation for foreign currency loans written off in earlier years

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

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Total exposure to top four NPA accounts	5,340.06	4,983.87

vii) Sector-wise advances:

Sr. No.	Sector	31 March, 2018			31 March, 2017		
		▽					
		<b>Outstanding Total Advances</b>	<b>Gross NPAs</b>	<b>% of Gross NPAs to Total Advances in that sector</b>	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
<b>A</b>	<b>Priority Sector</b>						
1	Agriculture and allied activities	27,636.39	1,086.38	3.93%	25,882.66	840.48	3.25%
2	Advances to industries sector eligible as priority sector lending	23,520.58	870.49	3.70%	20,301.02	630.46	3.11%
	- Chemical & Chemical products	1,942.47	45.17	2.33%	.*	.*	.*
	- Basic Metal & Metal Products	2,076.66	56.08	2.70%	1,824.25	54.36	2.98%
	- Infrastructure	593.03	29.60	4.99%	549.17	21.95	4.00%
3	Services	17,192.15	583.39	3.39%	15,904.56	428.02	2.69%
	- Professional Services	.*	.*	.*	725.40	9.61	1.32%
	- Banking and Finance other than NBFCs and MFs	2,042.63	82.38	4.03%	3,496.52	107.06	3.06%
	- Non-banking financial companies (NBFCs)	1,360.01	-	-	1,799.13	-	-
	- Commercial Real Estate	242.44	45.89	18.93%	226.52	6.80	3.00%
	- Trade	10,342.95	392.76	3.80%	7,554.33	264.74	3.50%
4	Personal loans	31,643.30	530.51	1.68%	32,903.26	250.29	0.76%
	- Consumer Durables	2,883.75	57.72	2.00%	3,801.88	26.00	0.68%
	- Housing	24,859.04	248.02	1.00%	23,173.31	123.54	0.53%
	- Vehicle Loans	3,226.47	178.07	5.52%	.*	.*	.*
	<b>Sub-total (A)</b>	<b>99,992.42</b>	<b>3,070.77</b>	<b>3.07%</b>	<b>94,991.50</b>	<b>2,149.25</b>	<b>2.26%</b>

(₹ in crores)

Sr. No.	Sector	31 March, 2018			31 March, 2017		
		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>						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	132,677.65	22,865.46	17.23%	124,556.99	13,294.97	10.67%
	- Chemical & Chemical products	13,869.33	778.97	5.62%	-*	-*	-*
	- Basic Metal & Metal Products	19,340.99	3,600.93	18.62%	23,650.81	4,103.34	17.35%
	- Infrastructure	37,886.52	11,211.30	29.59%	42,621.62	3,405.53	7.99%
3	Services	90,635.98	3,563.69	3.93%	67,039.50	3,688.76	5.50%
	- Professional Services	-*	-*	-*	7,719.71	1,594.60	20.66%
	- Banking and Finance other than NBFCs and MFs	31,024.41	-	-	11,525.80	-	-
	- Non-banking financial companies (NBFCs)	10,875.27	5.49	0.05%	8,762.60	-	-
	- Commercial Real Estate	16,094.85	1,469.12	9.13%	14,022.35	562.33	4.01%
	- Trade	12,239.86	514.92	4.07%	11,167.65	332.71	2.98%
4	Personal loans	131,244.78	1,376.40	1.05%	98,135.43	912.68	0.93%
	- Consumer Durables	13,577.70	127.72	0.94%	9,712.81	64.05	0.66%
	- Housing	59,179.13	785.51	1.33%	51,647.93	370.73	0.72%
	- Vehicle Loans	15,010.29	171.63	1.14%	-*	-*	-*
	Sub-total (B)	354,558.43	27,805.55	7.84%	289,731.92	17,896.41	6.18%
	Total (A+B)	454,550.85	30,876.32	6.79%	384,723.42	20,045.66	5.21%

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

#### viii) Divergence in Asset Classification and Provisioning for NPAs

- The Bank classifies advances into performing and non-performing advances (NPAs) as per the RBI guidelines. NPAs are identified and provided for based on RBI's Prudential Norms on Income Recognition, Asset Classification and Provisioning.
- Based on application of RBI's prudential norms as stated above, the Bank classified and made the prescribed provisions against the NPAs as at the end of 31 March, 2017.
- As part of its Risk Based Supervision exercise for FY 2016-17 the RBI pointed out certain modifications in the Banks' asset classification and provisioning as detailed in the table below:

Sr.No.	Particulars	(₹ in crores)
1	Gross NPAs as on 31 March, 2017, as reported by the Bank	21,280.48
2	Gross NPAs as on 31 March, 2017, as assessed by RBI	26,913.28
3	Divergence in Gross NPAs (2-1)	5,632.80
4	Net NPAs as on 31 March, 2017, as reported by the Bank	8,626.55
5	Net NPAs as on 31 March, 2017, as assessed by RBI	12,943.65
6	Divergence in Net NPAs (5-4)	4,317.10
7	Provisions for NPAs as on 31 March, 2017, as reported by the Bank	12,205.72





Sr.No.	Particulars	(₹ in crores)
8	Provisions for NPAs as on 31 March, 2017, as assessed by RBI	13,521.42
9	Divergence in provisioning (8-7)	1,315.70
10	Reported Net Profit after Tax (PAT) for the year ended 31 March, 2017	3,679.28
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended 31 March, 2017 after taking into account the divergence in provisioning	2,793.95

- The Bank has duly considered the impact of the above in the Financial Statements for the year ended 31 March, 2018.

2.1.6 During the years ended 31 March, 2018 and 31 March, 2017; none of the loans and advances held at overseas branches of the Bank have been classified as NPA by any host banking regulator for reasons other than record of recovery.

2.1.7 Movement in floating provision is set out below:

For the year ended	31 March, 2018	31 March, 2017
	▽	
Opening balance at the beginning of the year	3.25	3.25
Provisions made during the year	-	-
Draw down made during the year	-	-
Closing balance at the end of the year	3.25	3.25

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

2.1.8 Provision on Standard Assets

	31 March, 2018	31 March, 2017
	▽	
Provision towards Standard Assets [includes ₹26.57 crores (previous year ₹37.60 crores) of standard provision on derivative exposures]	2,207.52	2,338.58

2.1.9 Details of Investments are set out below:

i) Value of Investments:

	31 March, 2018	31 March, 2017
	▽	
1) Gross value of Investments		
a) In India	153,247.04	127,248.79
b) Outside India	3,495.44	2,915.37
2) (i) Provision for Depreciation		
a) In India	(254.54)	(409.86)
b) Outside India	-	-
(ii) Provision for Non-Performing Investments		
a) In India	(2,410.68)	(940.93)
b) Outside India	(201.18)	(20.00)
3) Net value of Investments		
a) In India	150,581.82	125,898.00
b) Outside India	3,294.26	2,895.37

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

	31 March, 2018	31 March, 2017
	▽	
Opening balance	409.86	222.62
Add: Provisions made during the year	101.60	316.19
Less: Write offs/write back of excess provisions during the year	(256.92)	(128.95)
<b>Closing balance</b>	<b>254.54</b>	<b>409.86</b>

## iii) Detail of investments category wise

Particulars	31 March, 2018				31 March, 2017			
	▽							
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
Government Securities	88,712.15	13,836.13	1,504.70	104,052.98	80,024.33	12,020.61	962.91	93,007.85
Other approved securities	-	-	-	-	-	-	-	-
Shares	-	1,612.90	-	1,612.90	-	1,326.19	-	1,326.19
Debentures and Bonds	-	24,531.73	6,330.94	30,862.67	-	25,546.34	1,121.10	26,667.44
Subsidiary/Joint Ventures	2,092.71	-	-	2,092.71	1,372.26	-	-	1,372.26
Others	6.65	5,932.38	9,315.79	15,254.82	7.56	5,331.11	1,080.96	6,419.63
<b>Total</b>	<b>90,811.51</b>	<b>45,913.14</b>	<b>17,151.43</b>	<b>153,876.08</b>	<b>81,404.15</b>	<b>44,224.25</b>	<b>3,164.97</b>	<b>128,793.37</b>

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

As at	31 March, 2018	31 March, 2017
	▽	
<b>A. Exposure to Real Estate Sector</b>		
1) Direct Exposure		
(i) Residential mortgages	102,152.04	89,904.42
- of which housing loans eligible for inclusion in priority sector advances	26,414.52	23,505.73
(ii) Commercial real estate	29,328.94	25,330.23
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial real estate	75.00	75.00
2) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	20,522.69	11,680.20
<b>Total Exposure to Real Estate Sector</b>	<b>152,078.67</b>	<b>126,989.85</b>
<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*	2,510.46	1,429.31
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	4.70	2.94
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	1,649.84	1,346.70



As at	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
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	3,074.53	4,336.97
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	5,001.87	5,104.61
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	6.13	0.19
7. Bridge loans to companies against expected equity flows/issues	6.09	25.20
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)	118.16	26.77
<b>Total exposure to Capital Market (Total of 1 to 10)</b>	<b>12,371.78</b>	<b>12,272.69</b>

\* excludes investment in equity shares on account of conversion of debt into equity as part of restructuring amounting to ₹1,838.02 crores as on 31 March, 2018 (previous year ₹1,258.11 crores) which are exempted from exposure to Capital Market

2.1.11 As on 31 March, 2018, outstanding receivables acquired by the Bank under factoring stood at ₹218.73 crores (previous year ₹7.10 crores) which are reported under 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet.

2.1.12 During the years ended 31 March, 2018 and 31 March, 2017 there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. have 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, 2018 of non-SLR investments\*:

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	8,287.85	7,290.45	661.26	-	505.19
ii.	Financial Institutions	3,293.83	1,487.28	0.30	-	347.71
iii.	Banks	3,951.95	1,537.42	149.40	-	2,875.18
iv.	Private Corporates	31,999.97	23,027.05	1,147.71	866.50	12,622.29
v.	Subsidiaries	2,092.71	2,092.71	-	-	2,092.71
vi.	Others	5,761.36	3,662.10	-	-	3,757.63
vii.	Provision held towards depreciation on investments	(254.30)				
viii.	Provision held towards non performing investments	(2,611.86)				
<b>Total</b>		<b>52,521.51</b>	<b>39,097.01</b>	<b>1,958.67</b>	<b>866.50</b>	<b>22,200.71</b>

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

Issuer composition as at 31 March, 2017 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	8,587.03	7,533.92	175.50	-	6.50
ii.	Financial Institutions	5,901.15	4,247.55	0.30	-	3,907.07
iii.	Banks	2,421.00	1,582.35	102.84	-	-
iv.	Private Corporates	17,210.48	14,451.99	1,353.11	751.31	3,951.72
v.	Subsidiaries	1,429.44	1,429.44	-	-	1,372.26
vi.	Others	4,017.00	2,210.18	-	-	2,382.22
vii.	Provision held towards depreciation on investments	(409.86)				
viii.	Provision held towards non performing investments	(960.93)				
<b>Total</b>		<b>38,195.31</b>	<b>31,455.43</b>	<b>1,631.75</b>	<b>751.31</b>	<b>11,619.77</b>

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

\*excludes investments in non-SLR government securities amounting to ₹42.54 crores (previous year ₹604.04 crores)

ii) Movement in non-performing non SLR investments are set out below:

(₹ in crores)		
	<b>31 March, 2018</b>	31 March, 2017
	▽	
Opening balance	1,234.82	239.03
Additions during the year	2,738.39	1,966.18
Reductions during the year	(600.89)	(970.39)
<b>Closing balance</b>	<b>3,372.32</b>	<b>1,234.82</b>
<b>Total provisions held</b>	<b>2,611.86</b>	<b>960.93</b>

2.1.14 Details of securities sold/purchased (in face value terms) under repos/reverse repos including LAF and MSF transactions:

Year ended 31 March, 2018				(₹ in crores)
	<b>Minimum outstanding during the year</b>	<b>Maximum outstanding during the year</b>	<b>Daily Average outstanding during the year</b>	<b>As at 31 March, 2018</b>
<b>Securities sold under repos</b>				
i. Government Securities	-	12,683.10	3,578.54	6,488.43
ii. Corporate debt Securities	-	2,675.00	1,023.42	-
<b>Securities purchased under reverse repos</b>				
i. Government Securities	-	19,140.39	1,654.70	8,802.12
ii. Corporate debt Securities	-	50.00	0.27	-

There have been no defaults in making the same set of securities available at the time of 2<sup>nd</sup> leg settlement of the Term Reverse Repo during the year ended 31 March, 2018.



Year ended 31 March, 2017

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2017
<b>Securities sold under repos</b>				
i. Government Securities	-	31,372.78	8,220.60	44.46
ii. Corporate debt Securities	-	1,365.00	844.78	1,365.00
<b>Securities purchased under reverse repos</b>				
i. Government Securities	-	23,260.41	5,063.20	19,140.39
ii. Corporate debt Securities	-	-	-	-

There have been no defaults in making the same set of securities available at the time of 2<sup>nd</sup> leg settlement of the Term Reverse Repo during the year ended 31 March, 2017.

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

(₹ in crores)

**31 March, 2018**

31 March, 2017

	<b>31 March, 2018</b>	31 March, 2017
Number of accounts*	43 <sup>^</sup>	39
Aggregate value (net of provisions) of accounts sold	41.91	2,960.40
Aggregate consideration <sup>#</sup>	67.48	2,475.58
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain/(loss) over net book value	25.57	(484.82)

\* Excludes 5 accounts already written-off (previous year 15 accounts)

<sup>^</sup> Includes 1 account where debt has been acquired by Reconstruction company as a part of resolution plan under Insolvency and Bankruptcy Code

<sup>#</sup> Value of security receipts received as a part of the consideration has been initially recognised at lower of net book value of the financial asset or redemption value of the security receipts as per RBI guidelines

In accordance with the RBI guidelines on sale of NPAs, banks have the dispensation of amortising the shortfall on sale of NPAs to Securitisation/Reconstruction companies, if the sale value is lower than the net book value, over the period specified therein. The Bank has not amortised any such shortfall arising during the years ended 31 March, 2018 and 31 March, 2017.

(₹ 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	
	<b>As on 31 March, 2018</b>	As on 31 March, 2017	<b>As on 31 March, 2018</b>	As on 31 March, 2017	<b>As on 31 March, 2018</b>	As on 31 March, 2017
	▽		▽		▽	
Book value of investments in Security Receipts ('SRs')	2,918.39	1,517.76*	5.58	7.68	2,923.97	1,525.44

\*excludes application money of ₹1,420.35 crores

(₹ in crores)

**As at 31 March, 2018**


Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i) Book value of SRs backed by NPAs sold by the bank as underlying	2,918.06	0.33	-
Provisions held against (i)	-	-	-
(ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	4.33	1.25	-
Provisions held against (ii)	-	-	-
<b>Total (i) + (ii)</b>	<b>2,922.39</b>	<b>1.58</b>	<b>-</b>

(₹ in crores)

**As at March 31, 2017**

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i) Book value of SRs backed by NPAs sold by the bank as underlying	1,517.43	0.33	-
Provisions held against (i)	-	-	-
(ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	7.02	0.66	-
Provisions held against (ii)	-	-	-
<b>Total (i) + (ii)</b>	<b>1,524.45</b>	<b>0.99</b>	<b>-</b>

#### 2.1.16 Details of the Non-Performing Financial Assets sold to other banks (excluding securitisation/reconstruction companies):

(₹ in crores)

**31 March, 2018**
**31 March, 2017**


Number of accounts sold	2	-
Aggregate outstanding*	734.07	-
Aggregate consideration received	615.30	-

\*Represents principal outstanding as on date of sale

During the years ended 31 March, 2018 and 31 March, 2017 there were no Non-Performing Financial Assets purchased by the Bank from other banks (excluding securitisation/reconstruction companies).

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

(₹ in crores)

**31 March, 2018**
**31 March, 2017**


Sr. No.	Particulars		
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		





Sr. No.	Particulars	(₹ in crores)	
		31 March, 2018 ▽	31 March, 2017
	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 securitizations		
	First loss	-	-
	Loss	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	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, 2018 ▽	31 March, 2017
Total deposits of twenty largest depositors		51,886.56	48,081.76
Percentage of deposits of twenty largest depositors to total deposits		11.44	11.60

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

(₹ in crores)		31 March, 2018 ▽	31 March, 2017
Total advances to twenty largest borrowers		66,597.41	65,055.41
Percentage of advances to twenty largest borrowers to total advances of the Bank		10.27	11.13

\* 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, 2018 ▽	31 March, 2017
Total exposure to twenty largest borrowers/customers		95,610.35	83,229.90
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers		13.21	13.06

\* Exposure includes credit exposure (funded and non-funded), derivative exposure, investment exposure (including underwriting and similar commitments) and deposits placed for meeting short fall in Priority Sector Lending

- 2.1.21 During the year ended 31 March, 2018, the Bank's credit exposure to single borrower was within the prudential exposure limits except in one case, where the single borrower limit was exceeded upto an additional exposure of 5% with the approval of the Committee of Directors. The details of such case are set out below :

<b>Name of the Borrower</b>	<b>Reliance Industries Limited</b>
Period	August, 2017
Original exposure ceiling	11,865.78 crores
Limit Sanctioned	15,821.03 crores
% of excess limit sanctioned over original ceiling	33.33%
Exposure ceiling as on 31 March, 2018	13,165.49 crores
Exposure as on 31 March, 2018	11,245.72 crores

During the year ended 31 March, 2018, the Bank's credit exposure to group borrowers was within the Prudential exposure limits prescribed by RBI.

During the year ended 31 March, 2017, 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:

Risk Category	<b>Exposure (Net) as at 31 March, 2018</b>	<b>Provision Held as at 31 March, 2018</b>	(₹ in crores)	
			Exposure (Net) as at 31 March, 2017	Provision Held as at 31 March, 2017
	▽	▽		
Insignificant	-	-	-	-
Low	25,390.99	-	29,144.84	19.94
Moderate	3,049.83	-	2,301.13	-
High	4,095.09	-	4,014.89	-
Very High	573.60	-	338.60	-
Restricted	0.28	-	0.33	-
Off-Credit	-	-	-	-
<b>Total</b>	<b>33,109.79</b>	<b>-</b>	<b>35,799.79</b>	<b>19.94</b>

- 2.1.23 A maturity pattern of certain items of assets and liabilities at 31 March, 2018 and 31 March, 2017 is set out below:

As at 31 March, 2018

	(₹ in crores)					
	<b>Deposits</b>	<b>Advances*</b>	<b>Investments</b>	<b>Borrowings</b>	<b>Foreign Currency Assets</b>	<b>Foreign Currency Liabilities</b>
1 day	9,306.55	2,662.93	33,116.11	-	4,769.53	216.54
2 days to 7 days	23,249.34	7,040.81	2,267.04	8,303.91	5,671.46	2,729.29
8 days to 14 days	8,090.08	3,311.69	5,607.65	1,245.13	1,560.51	1,517.86
15 days to 30 days	12,937.59	12,192.97	4,062.76	2,771.28	7,776.30	2,854.22
31 days and upto 2 months	24,011.63	10,134.53	5,920.81	6,468.16	4,294.17	7,230.06
Over 2 months and upto 3 months	25,695.76	10,919.63	7,538.01	6,795.99	3,285.83	7,922.85
Over 3 months and upto 6 months	35,196.78	18,835.00	7,991.87	19,846.64	6,542.82	17,414.16
Over 6 months and upto 1 year	66,959.06	26,028.57	17,063.60	22,631.53	8,759.21	19,517.46
Over 1 year and upto 3 years	35,569.79	74,775.86	16,784.51	30,112.68	14,199.73	21,008.16
Over 3 years and upto 5 years	16,436.37	58,233.50	9,653.42	23,198.99	11,154.08	9,664.45
Over 5 years	196,169.77	215,514.82	43,870.30	26,641.84	26,061.69	2,755.53
<b>Total</b>	<b>453,622.72</b>	<b>439,650.31</b>	<b>153,876.08</b>	<b>148,016.15</b>	<b>94,075.33</b>	<b>92,830.58</b>



As at 31 March, 2017

(₹ in crores)

	Deposits	Advances*	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	5,561.09	4,738.06	19,038.68	-	232.94	4,682.66
2 days to 7 days	16,154.59	2,942.50	4,119.70	830.97	1,512.44	1,579.19
8 days to 14 days	8,619.31	2,478.10	2,055.69	828.21	1,036.04	976.21
15 days to 30 days	12,706.72	11,382.78	2,776.60	3,429.24	3,547.41	6,458.97
31 days and upto 2 months	18,899.18	7,713.50	4,002.32	5,050.40	3,810.04	2,795.53
Over 2 months and upto 3 months	19,690.06	10,255.26	4,064.54	8,052.01	6,287.42	5,314.49
Over 3 months and upto 6 months	44,667.08	19,616.97	8,436.47	16,414.12	13,001.27	5,926.14
Over 6 months and upto 1 year	67,157.22	23,819.76	14,808.47	19,888.78	20,226.83	8,953.44
Over 1 year and upto 3 years	32,840.70	65,017.59	13,601.13	10,573.26	6,442.15	12,164.41
Over 3 years and upto 5 years	7,036.47	48,160.05	6,943.49	16,806.09	10,226.33	7,933.38
Over 5 years	181,046.37	176,944.78	48,946.28	23,157.79	3,188.15	12,759.54
<b>Total</b>	<b>414,378.79</b>	<b>373,069.35</b>	<b>128,793.37</b>	<b>105,030.87</b>	<b>69,511.02</b>	<b>69,543.96</b>

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 Disclosure on Restructured Assets

Details of loans subjected to restructuring during the year ended 31 March, 2018 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	15	-	16	9	40	-	-	-	-	-
	Amount Outstanding – Restructured facility	1,099.10	-	1,546.18	418.83	3,064.11	-	-	-	-	-
	Amount Outstanding – Other facility	441.95	-	358.33	328.55	1,128.83	-	-	-	-	-
	Provision thereon	36.67	-	48.89	-	85.56	-	-	-	-	-
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	11.69	-	(108.80)	0.77	(96.34)	-	-	-	-	-
	Amount Outstanding – Other facility	(67.22)	-	13.72	-	(53.50)	-	-	-	-	-
	Provision thereon	(15.79)	-	(30.09)	-	(45.88)	-	-	-	-	-
Fresh Restructuring during the year <sup>1,2</sup>	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	49.99	-	-	-	49.99	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-

(₹ 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
Upgradation to restructured standard category during the FY	No. of borrowers	1	-	(1)	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	35.65	-	(35.65)	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	31.13	-	(31.13)	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(2)				(2)	-				-
	Amount Outstanding – Restructured facility	(22.41)				(22.41)	-				-
	Amount Outstanding – Other facility	-				-	-				-
	Provision thereon	(0.03)				(0.03)	-				-
Downgradation of restructured accounts during the FY <sup>3</sup>	No. of borrowers	(7)	-	8	1	2	-	-	-	-	-
	Amount Outstanding – Restructured facility	(621.74)	-	785.22	(137.78)	25.70	-	-	-	-	-
	Amount Outstanding – Other facility	(162.27)	-	165.82	3.42	6.97	-	-	-	-	-
	Provision thereon	(9.57)	-	9.57	-	-	-	-	-	-	-
Write-offs of restructured accounts during the FY <sup>4,5,6</sup>	No. of borrowers	-	-	(5)	(4)	(9)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(74.49)	-	(816.16)	(157.17)	(1,047.82)	-	-	-	-	-
	Amount Outstanding – Other facility	(14.25)	-	(156.43)	(297.87)	(468.55)	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	7	-	18	6	31	-	-	-	-	-
	Amount Outstanding – Restructured facility	427.80	-	1,370.79	124.65	1,923.24	-	-	-	-	-
	Amount Outstanding – Other facility	279.33	-	350.31	34.10	663.74	-	-	-	-	-
	Provision thereon	11.28	-	28.37	-	39.65	-	-	-	-	-

(₹ in crores)

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	350	3	373	91	817	365	3	389	100	857
	Amount Outstanding – Restructured facility	4,522.92	417.74	728.67	693.13	6,362.46	5,622.02	417.74	2,274.85	1,111.96	9,426.57
	Amount Outstanding – Other facility	1,259.47	0.04	155.56	302.82	1,717.89	1,701.42	0.04	513.89	631.37	2,846.72
	Provision thereon	39.14	22.03	10.80	-	71.97	75.81	22.03	59.69	-	157.53
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	(230.72)	5.28	(17.76)	(0.57)	(243.77)	(219.03)	5.28	(126.56)	0.20	(340.11)
	Amount Outstanding – Other facility	357.60	-	(4.56)	(7.38)	345.66	290.38	-	9.16	(7.38)	292.16
	Provision thereon	(6.22)	(12.66)	(6.48)	-	(25.36)	(22.01)	(12.66)	(36.57)	-	(71.24)



(₹ in crores)

Type of Restructuring	Asset Classification	Standard	Sub-Standard	Others Doubtful	Loss	Total	Standard	Sub-Standard	Others Doubtful	Loss	Total
Fresh Restructuring during the year <sup>1,2</sup>	No. of borrowers	401	15	-	-	416	401	15	-	-	416
	Amount Outstanding – Restructured facility	328.36	40.58	-	-	368.94	328.36	40.58	-	-	368.94
	Amount Outstanding – Other facility	19.69	-	-	-	19.69	69.68	-	-	-	69.68
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	1	-	(1)	-	-	2	-	(2)	-	-
	Amount Outstanding – Restructured facility	206.74	-	(206.74)	-	-	242.39	-	(242.39)	-	-
	Amount Outstanding – Other facility	14.44	-	(14.44)	-	-	45.57	-	(45.57)	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(23)				(23)	(25)				(25)
	Amount Outstanding – Restructured facility	(187.01)				(187.01)	(209.42)				(209.42)
	Amount Outstanding – Other facility	(34.90)				(34.90)	(34.90)				(34.90)
	Provision thereon	(2.29)				(2.29)	(2.32)				(2.32)
Downgradation of restructured accounts during the FY <sup>3</sup>	No. of borrowers	(167)	1	188	63	85	(174)	1	196	64	87
	Amount Outstanding – Restructured facility	(3,770.90)	(418.21)	3,891.70	335.05	37.64	(4,392.64)	(418.21)	4,676.92	197.27	63.34
	Amount Outstanding – Other facility	(1,327.62)	0.29	1,325.39	2.25	0.31	(1,489.89)	0.29	1,491.21	5.67	7.28
	Provision thereon	(23.28)	(9.37)	32.65	-	-	(32.85)	(9.37)	42.22	-	-
Write-offs of restructured accounts during the FY <sup>4,5,6</sup>	No. of borrowers	(46)	(1)	(369)	(67)	(483)	(46)	(1)	(374)	(71)	(492)
	Amount Outstanding – Restructured facility	(112.06)	(40.84)	(492.91)	(875.71)	(1,521.52)	(186.55)	(40.84)	(1,309.07)	(1,032.88)	(2,569.34)
	Amount Outstanding – Other facility	(19.86)	-	(71.90)	(293.94)	(385.70)	(34.11)	-	(228.33)	(591.81)	(854.25)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	516	18	191	87	812	523	18	209	93	843
	Amount Outstanding – Restructured facility	757.33	4.55	3,902.96	151.90	4,816.74	1,185.13	4.55	5,273.75	276.55	6,739.98
	Amount Outstanding – Other facility	268.82	0.33	1,390.05	3.75	1,662.95	548.15	0.33	1,740.36	37.85	2,326.69
	Provision thereon	7.35	-	36.97	-	44.32	18.63	-	65.34	-	83.97

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2018

- Amount reported here represents outstanding as on 31 March, 2018. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹366.76 crores for the FY 2017-18
- Includes ₹51.07 crores of fresh/additional sanction to existing restructured accounts (₹0.02 crores under restructured facility and ₹51.05 crores under other facility)
- Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
- Includes accounts partially written-off during the year
- Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
- Includes ₹363.46 crores of reduction from existing restructured accounts by way of sale/recovery (₹299.57 crores from restructured facility and ₹63.89 crores from other facility)
- The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalization account upto 31 March, 2018 aggregated ₹1,087.10 crores
- 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, 2017 are given below:

(₹ in crores)

Type of Restructuring		Under CDR Mechanism				Under SME Debt Restructuring Mechanism					
Asset Classification		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	37	-	10	6	53	-	-	-	-	-
	Amount Outstanding – Restructured facility	3,522.19	-	601.54	97.88	4,221.61	-	-	-	-	-
	Amount Outstanding – Other facility	1,170.57	-	48.63	26.64	1,245.84	-	-	-	-	-
	Provision thereon	122.50	-	27.10	-	149.60	-	-	-	-	-
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	(365.88)	-	0.75	(0.03)	(365.16)	-	-	-	-	-
	Amount Outstanding – Other facility	44.51	-	0.01	-	44.52	-	-	-	-	-
	Provision thereon	(39.55)	-	(16.67)	-	(56.22)	-	-	-	-	-
Fresh Restructuring during the year <sup>1,2</sup>	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	60.55	-	-	-	60.55	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
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	(7)				(7)	-				-
	Amount Outstanding – Restructured facility	(311.73)				(311.73)	-				-
	Amount Outstanding – Other facility	(28.33)				(28.33)	-				-
	Provision thereon	(7.81)				(7.81)	-				-
Downgradation of restructured accounts during the FY <sup>3</sup>	No. of borrowers	(15)	-	12	5	2	-	-	-	-	-
	Amount Outstanding – Restructured facility	(1,567.82)	-	1,444.96	339.06	216.20	-	-	-	-	-
	Amount Outstanding – Other facility	(682.50)	-	401.62	302.57	21.69	-	-	-	-	-
	Provision thereon	(38.47)	-	38.46	-	(0.01)	-	-	-	-	-
Write-offs of restructured accounts during the FY <sup>4,5,6</sup>	No. of borrowers	-	-	(6)	(2)	(8)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(177.66)	-	(501.07)	(18.08)	(696.81)	-	-	-	-	-
	Amount Outstanding – Other facility	(122.85)	-	(91.93)	(0.66)	(215.44)	-	-	-	-	-





(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	15	-	16	9	40	-	-	-	-	-
	Amount Outstanding – Restructured facility	1,099.10	-	1,546.18	418.83	3,064.11	-	-	-	-	-
	Amount Outstanding – Other facility	441.95	-	358.33	328.55	1,128.83	-	-	-	-	-
	Provision thereon	36.67	-	48.89	-	85.56	-	-	-	-	-

(₹ in crores)

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	821	1	281	31	1,134	858	1	291	37	1,187
	Amount Outstanding – Restructured facility	5,211.23	0.04	785.07	68.48	6,064.82	8,733.42	0.04	1,386.61	166.36	10,286.43
	Amount Outstanding – Other facility	1,216.63	-	123.10	10.88	1,350.61	2,387.20	-	171.73	37.52	2,596.45
	Provision thereon	61.51	-	17.20	-	78.71	184.01	-	44.30	-	228.31
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	35.18	-	(0.43)	0.03	34.78	(330.70)	-	0.32	-	(330.38)
	Amount Outstanding – Other facility	429.67	0.01	(0.12)	0.01	429.57	474.18	0.01	(0.11)	0.01	474.09
	Provision thereon	(15.94)	-	(13.39)	-	(29.33)	(55.49)	-	(30.06)	-	(85.55)
Fresh Restructuring during the year <sup>1,2</sup>	No. of borrowers	43	2	1	-	46	43	2	1	-	46
	Amount Outstanding – Restructured facility	597.63	417.73	33.59	-	1,048.95	597.63	417.73	33.59	-	1,048.95
	Amount Outstanding – Other facility	161.56	-	0.01	-	161.57	222.11	-	0.01	-	222.12
	Provision thereon	-	22.03	0.56	-	22.59	-	22.03	0.56	-	22.59
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	(225)				(225)	(232)				(232)
	Amount Outstanding – Restructured facility	(349.16)				(349.16)	(660.89)				(660.89)
	Amount Outstanding – Other facility	(171.75)				(171.75)	(200.08)				(200.08)
	Provision thereon	-				-	(7.81)				(7.81)

(₹ in crores)

Type of Restructuring Asset Classification		Standard	Sub- Standard	Others Doubtful	Loss	Total	Standard	Sub- Standard	Total Doubtful	Loss	Total
Downgradation of restructured accounts during the FY <sup>3</sup>	No. of borrowers	(203)	-	165	67	29	(218)	-	177	72	31
	Amount										
	Outstanding – Restructured facility	(821.74)	(0.03)	208.83	646.91	33.97	(2,389.56)	(0.03)	1,653.79	985.97	250.17
	Amount										
	Outstanding – Other facility	(335.61)	0.03	43.68	292.11	0.21	(1,018.11)	0.03	445.30	594.68	21.90
	Provision thereon	(6.43)	-	6.43	-	-	(44.90)	-	44.89	-	(0.01)
Write-offs of restructured accounts during the FY <sup>4,5,6</sup>	No. of borrowers	(86)	-	(74)	(7)	(167)	(86)	-	(80)	(9)	(175)
	Amount										
	Outstanding – Restructured facility	(150.22)	-	(298.39)	(22.29)	(470.90)	(327.88)	-	(799.46)	(40.37)	(1,167.71)
	Amount										
	Outstanding – Other facility	(41.03)	-	(11.11)	(0.18)	(52.32)	(163.88)	-	(103.04)	(0.84)	(267.76)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	350	3	373	91	817	365	3	389	100	857
	Amount										
	Outstanding – Restructured facility	4,522.92	417.74	728.67	693.13	6,362.46	5,622.02	417.74	2,274.85	1,111.96	9,426.57
	Amount										
	Outstanding – Other facility	1,259.47	0.04	155.56	302.82	1,717.89	1,701.42	0.04	513.89	631.37	2,846.72
	Provision thereon	39.14	22.03	10.80	-	71.97	75.81	22.03	59.69	-	157.53

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2017:

1. Amount reported here represents outstanding as on 31 March, 2017. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹1,001.35 crores for the FY 2016-17
2. Includes ₹213.53 crores of fresh/additional sanction to existing restructured accounts (₹3.56 crores under restructured facility and ₹209.97 crores under other facility)
3. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
4. Includes accounts partially written-off during the year
5. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
6. Includes ₹881.83 crores of reduction from existing restructured accounts by way of sale/recovery (₹716.59 crores from restructured facility and ₹165.24 crores from other facility)
7. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalization account upto 31 March, 2017 aggregated ₹5,379.10 crores
8. 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 on Flexible Structuring of existing loans

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
No. of borrowers taken up for flexible structuring	3	8
Amount of loans taken up for flexible structuring <sup>#</sup>		
- Classified as Standard*	682.18	1,066.14
- Classified as NPA*	290.36	803.79
Exposure weighted average duration of loans taken up for flexible structuring (years)		
- Before applying flexible structuring	9.43	9.22
- After applying flexible structuring	19.25	20.72

<sup>#</sup> represents outstanding as on date of sanction of the proposal

\* asset classification represents position as on 31 March of the respective year



## 2.1.26 Disclosure on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017
	▽	
No. of accounts where SDR has been invoked	-	19
Amount outstanding #		
- Classified as Standard	-	3,807.18
- Classified as NPA	-	322.40
Amount outstanding with respect to accounts where conversion of debt to equity is pending		
- Classified as Standard	-	846.10
- Classified as NPA	-	214.69
Amount outstanding with respect to accounts where conversion of debt to equity has taken place#		
- Classified as Standard	-	2,961.08
- Classified as NPA	-	107.71

# includes outstanding under equity investments post conversion under SDR

## 2.1.27 Disclosure on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017
	▽	
No. of accounts where banks have decided to effect change in ownership	-	-
Amount outstanding		
- Classified as Standard	-	-
- Classified as NPA	-	-
Amount outstanding with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		
- Classified as Standard	-	-
- Classified as NPA	-	-
Amount outstanding with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		
- Classified as Standard	-	-
- Classified as NPA	-	-
Amount outstanding with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity		
- Classified as Standard	-	-
- Classified as NPA	-	-

## 2.1.28 Disclosure on Change in Ownership of Projects under Implementation (accounts which are currently under the stand-still period)

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017
	▽	
No. of project loan accounts where banks have decided to effect change in ownership	-	1
Amount outstanding		
- Classified as Standard	-	98.87
- Classified as standard restructured	-	-
- Classified as NPA	-	-

## 2.1.29 Disclosure on Scheme for Sustainable Structuring of Stressed Assets (S4A)

Particulars	(₹ in crores)	
	<b>As at 31 March, 2018</b>	As at 31 March, 2017
	▽	
No. of accounts where S4A has been applied	5	2
Aggregate amount outstanding		
- Classified as Standard	486.24	323.46
- Classified as NPA	647.52	-
Amount outstanding in Part A		
- Classified as Standard	281.48	160.35
- Classified as NPA	409.21	-
Amount outstanding in Part B		
- Classified as Standard	204.76	163.11
- Classified as NPA	238.31	-
Provision Held		
- Classified as Standard	107.46	67.05
- Classified as NPA	567.79	-

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

A 'FRA' is a financial contract between two parties to exchange interest payments for 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London Inter-Bank Offered Rate (LIBOR) of various currencies.

An 'IRS' is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Inter-Bank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

A 'CCS' is a financial contract between two parties exchanging interest payments and principal, wherein interest payments and principal in one currency would be exchanged for an equally valued interest payments and principal in another currency.

Sr. No.	Items	(₹ in crores)	
		<b>As at 31 March, 2018</b>	As at 31 March, 2017
		▽	
i)	Notional principal of swap agreements	196,069.45	197,871.67
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	2,872.20	2,558.71
iii)	Collateral required by the Bank upon entering into swaps	826.23	903.93
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps/FRAs	2,695.48	2,379.59
	- Cross Currency Swaps	2,947.91	2,086.53
v)	Fair value of the swap book (hedging & trading)		
	- Interest Rate Swaps/FRAs	(804.12)	(410.81)
	- Currency Swaps	1,228.65	1,056.44



The nature and terms of the IRS as on 31 March, 2018 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	33	11,698.91	LIBOR	Fixed Receivable v/s Floating Payable
Trading	4	275.00	INBMK	Fixed Receivable v/s Floating Payable
Trading	250	36,726.98	LIBOR	Fixed Receivable v/s Floating Payable
Trading	319	22,201.66	MIBOR	Fixed Receivable v/s Floating Payable
Trading	350	17,107.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	21	1,659.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	294	41,559.60	LIBOR	Floating Receivable v/s Fixed Payable
Trading	353	17,553.49	MIBOR	Floating Receivable v/s Fixed Payable
Trading	181	9,741.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	28	5,116.24	LIBOR	Floating Receivable v/s Floating Payable
Trading	5	229.07	LIBOR	Pay Cap
Trading	5	229.07	LIBOR	Receive Cap
	1,843	164,097.02		

The nature and terms of the IRS as on 31 March, 2017 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	39	12,178.83	LIBOR	Fixed Receivable v/s Floating Payable
Hedging	2	907.90	LIBOR	Floating Receivable v/s Fixed Payable
Trading	6	325.00	INBMK	Fixed Receivable v/s Floating Payable
Trading	259	32,773.03	LIBOR	Fixed Receivable v/s Floating Payable
Trading	467	29,645.28	MIBOR	Fixed Receivable v/s Floating Payable
Trading	341	16,724.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	25	1,909.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	304	36,231.81	LIBOR	Floating Receivable v/s Fixed Payable
Trading	476	25,709.54	MIBOR	Floating Receivable v/s Fixed Payable
Trading	225	12,223.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	28	4,669.20	LIBOR	Floating Receivable v/s Floating Payable
Trading	3	66.14	LIBOR	Pay Cap
Trading	1	197.11	LIBOR	Pay Cap/Receive Floor
Trading	1	197.11	LIBOR	Pay Floor/Receive Cap
Trading	3	66.14	LIBOR	Receive Cap
	2,180	173,823.09		

The nature and terms of the FRA as on 31 March, 2018 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	1	325.88	LIBOR	Floating Receivable v/s Fixed Payable
	1	325.88		

The nature and terms of the FRA as on 31 March, 2017 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	2	2,107.63	LIBOR	Fixed Receivable v/s Floating Payable
	2	2,107.63		

The nature and terms of the CCS as on 31 March, 2018 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	84	9,787.05	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	70	6,047.29	LIBOR	Fixed Receivable v/s Floating Payable
Trading	65	7,061.51	LIBOR	Floating Receivable v/s Fixed Payable
Trading	6	2,445.14	LIBOR/MIFOR/MIBOR	Floating Receivable v/s Floating Payable
Trading	37	3,613.89	Principal Only	Fixed Receivable
Trading	20	2,691.67	Principal Only	Fixed Payable
	<b>282</b>	<b>31,646.55</b>		

The nature and terms of the CCS as on 31 March, 2017 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	85	5,095.10	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	58	4,646.82	LIBOR	Fixed Receivable v/s Floating Payable
Trading	62	6,247.64	LIBOR	Floating Receivable v/s Fixed Payable
Trading	3	1,011.29	LIBOR/MIFOR/MIBOR	Floating Receivable v/s Floating Payable
Trading	40	3,858.99	Principal Only	Fixed Receivable
Trading	6	1,081.11	Principal Only	Fixed Payable
	<b>254</b>	<b>21,940.95</b>		

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2018 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2018
		▽
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	
	679GS2027 - 6.79% GOI 2027	1,269.52
	697GS2026 - 6.97% GOI 2026	356.60
	759GS2026 - 7.59% GOI 2026	29.72
	EDM7 - 90 Day Euro Future - June 2017	1,629.38
	EDM8 - 90 Day Euro Future - June 2018	1,629.38
	EDU7 - 90 Day Euro Future - September 2017	3,258.75
	EDU8 - 90 Day Euro Future - September 2018	3,258.75
	FFF8 - 30 Days FED Funds - January 2018	3,258.75
	TUM7 - 2 Years Treasury Note - June 2017	130.35
	TU07 - 2 Years Treasury Note - September 2017	260.70
	TYM7 - 10 Years US Note - June 2017	162.93
	TYU7 - 10 Years US Note - September 2017	239.84
	FVZ7 - 5 Years US Note - December 2017	130.35
	FVH8 - 5 Years US Note - March 2018	130.35
	TYH8 - 10 Years US Note - March 2018	82.12





Sr. No.	Particulars	As at 31 March, 2018
		▽
	TUH8 - 2 Years US Note - March 2018	260.70
	FVM8 - 5 Years US Note - June 2018	130.35
		16,218.54
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2018	Nil
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2018 and "not highly effective"	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2018 and "not highly effective"	N.A.

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2017 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2017
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	
	697GS2026 - 6.97% GOI 2026	152.38
	759GS2026 - 7.59% GOI 2026	4,678.12
	759GS2029 - 7.59% GOI 2029	186.98
	761GS2030 - 7.61% GOI 2030	0.10
	768GS2023 - 7.68% GOI 2023	2.00
	772GS2025 - 7.72% GOI 2025	3,219.84
	788GS2030 - 7.88% GOI 2030	1,531.36
	EDH7 - 90 Day Euro Future - March 2017	12,970.00
	EDH8 - 90 Day Euro Future - March 2018	12,970.00
	EDM7 - 90 Day Euro Future - June 2017	8,754.75
	EDM8 - 90 Day Euro Future - June 2018	8,754.75
	EDQ6 - 90 Day Euro \$ Future - August 2016	1,297.00
	EDZ6 - 90 Day Euro Future - December 2016	9,662.65
	EDZ7 - 90 Day Euro Future - December 2017	907.90
	FVH7 - 5Years US Note - March 2017	64.85
	FVM6 - 5 Years US Note - June 2016	2,042.78
	FVU6 - 5 Years US Note - September 2016	1,725.01
	TUM6 - 2 Years Treasury Note - June 2016	2,983.10
	TUM7 - 2 Years Treasury Note - June 2017	259.40
	TUU6 - 2 Years Treasury Note - September 2016	3,761.30
	TYH7 - 10 Years US Note - March 2017	453.95
	TYM6 - 10 Years US Note - June 2016	4,344.95
	TYM7 - 10 Years US Note - June 2017	136.19
	TYU6 - 10 Years US Note - September 2016	12,133.43
	TYZ6 - 10 Years US Note - December 2016	911.79
		93,904.58
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2017	
	EDM7 - 90 Day Euro Future - June 2017	1,621.25
	EDM8 - 90 Day Euro Future - June 2018	1,621.25
		3,242.50
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2017 and "not highly effective"	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2017 and "not highly effective"	N.A.

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended 31 March, 2018 and 31 March, 2017.

## 2.1.31 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. 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, Treasury Mid Office and Treasury Back Office to undertake derivative transactions. The customer and interbank related derivative transaction are originated by Transaction Banking-Derivative sales and Treasury Front Office team respectively which ensures compliance with the trade origination requirements as per the bank's policy and the RBI guidelines. 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, valuation and other MIS reporting.

The derivative transactions are governed by the derivative policy, market risk management policy, hedging policy and the Asset Liability Management (ALM) policy of the Bank as well as by the extant RBI guidelines. The Bank has also implemented policy on customer suitability & appropriateness approved by the Board to ensure that derivatives transactions entered into are appropriate and suitable to the customer. The Bank has also put in place a detailed process flow on documentation 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 dealt with in accordance with board approved Risk Appetite Statement. 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, FRAs, futures and options which are disclosed as contingent liabilities. Trading swaps/FRAs/futures/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. In accordance with 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<sup>‡</sup>:**

(₹ in crores)

		As at 31 March, 2018			
		Currency Derivatives			Interest rate Derivatives
Sr. No.	Particulars	Forward Contracts^	CCS	Options	
1	Derivatives (Notional Principal Amount)				
	a) For hedging	40,335.85	-	-	12,024.79
	b) For trading	274,466.05	31,646.55	59,342.59	152,398.11
2	Marked to Market Positions#				
	a) Asset (+)	2,182.90	1,734.30	1,488.58	1,130.94
	b) Liability (-)	(2,464.30)	(505.64)	(1,390.53)	(1,685.31)
3	Credit Exposure®	13,074.02	4,799.22	1,670.63	2,991.32
4	Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2018)				
	a) on hedging derivatives	8.84	-	-	58.15
	b) on trading derivatives	7.32	3.68	97.84	47.27
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging				
	i) Minimum	0.10	-	-	51.35
	ii) Maximum	12.84	5.32	-	85.73
	b) on Trading				
	i) Minimum	0.31	1.75	8.50	45.98
	ii) Maximum	10.19	3.68	108.73	64.71
	# Only on trading derivatives				
	® Includes accrued interest				
	^ Excluding Tom/Spot contracts				

(₹ in crores)

		As at 31 March, 2017			
		Currency Derivatives			Interest rate Derivatives
Sr. No.	Particulars	Forward Contracts^	CCS	Options	
1	Derivatives (Notional Principal Amount)				
	a) For hedging	27,154.50	-	-	15,194.36
	b) For trading	241,040.72	21,940.95	49,383.32	160,736.36
2	Marked to Market Positions#				
	a) Asset (+)	5,435.98	1,537.28	1,540.08	988.93
	b) Liability (-)	(5,429.65)	(480.84)	(1,374.76)	(1,361.16)
3	Credit Exposure®	15,606.43	4,079.81	1,793.32	3,015.89
4	Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2018)				
	a) on hedging derivatives	2.33	-	-	249.77
	b) on trading derivatives	2.15	1.81	12.35	63.12
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging				
	i) Minimum	4.15	-	-	128.43
	ii) Maximum	1.05	3.77	-	272.71
	b) on Trading				
	i) Minimum	0.01	0.96	4.08	27.55
	ii) Maximum	13.03	3.68	94.91	97.29
	# Only on trading derivatives				
	® Includes accrued interest				
	^ Excluding Tom/Spot contracts				

<sup>#</sup> Only on trading derivatives

<sup>@</sup> Includes accrued interest

<sup>^</sup> Excluding Tom/Spot contracts

<sup>§</sup> only Over The Counter derivatives included

The outstanding notional principal amount of Exchange Traded Currency Options as at 31 March, 2018 was Nil (previous year Nil) and the mark-to-market value was Nil (previous year Nil).

2.1.32 Details of penalty/stricture levied by RBI during the year ended 31 March, 2018 is as under:

Amount (₹ in crores)	Reason for stricture issued/ levy of penalty by RBI	Date of payment of penalty
3.00	Non-compliance of RBI guidelines on income Recognition and Asset Classification (IRAC) norms. Penalty was imposed in terms of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949	7 March, 2018

Details of penalty/stricture levied by RBI during the year ended 31 March, 2017 is as under:

Amount (₹ in crores)	Reason for stricture issued/ levy of penalty by RBI	Date of payment of penalty
-	Warning issued by RBI on 27 July, 2016 for certain lapses in adherence to KYC/AML guidelines on monitoring of transactions in customer accounts and FEMA provisions	-



## 2.1.33 Disclosure of customer complaints

## (a) Disclosure of customer complaints relating to Bank's customers on Bank's ATMs

	31 March, 2018	31 March, 2017
	▽	
a. No. of complaints pending at the beginning of the year	143	208
b. No. of complaints received during the year	51,096	35,009
c. No. of complaints redressed during the year	50,955	35,074
d. No. of complaints pending at the end of the year	284	143

## (b) Disclosure of customer complaints relating to Bank's customers on other bank's ATMs

	31 March, 2018	31 March, 2017
	▽	
a. No. of complaints pending at the beginning of the year	1,233	934
b. No. of complaints received during the year	88,301	80,572
c. No. of complaints redressed during the year	87,174	80,273
d. No. of complaints pending at the end of the year	2,360	1,233

## (c) Disclosure of customer complaints other than ATM transaction complaints

	31 March, 2018	31 March, 2017
	▽	
a. No. of complaints pending at the beginning of the year	40,808	8,357
b. No. of complaints received during the year	229,027	222,092
c. No. of complaints redressed during the year	245,379	189,641
d. No. of complaints pending at the end of the year	24,456	40,808

## (d) Total customer complaints

	31 March, 2018	31 March, 2017
	▽	
a. No. of complaints pending at the beginning of the year	42,184	9,499
b. No. of complaints received during the year	368,424	337,673
c. No. of complaints redressed during the year	383,508	304,988
d. No. of complaints pending at the end of the year	27,100	42,184

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.

## 2.1.34 Disclosure of Awards passed by the Banking Ombudsman

	31 March, 2018	31 March, 2017
	▽	
a. No. of unimplemented awards at the beginning of the year	-	-
b. No. of awards passed by the Banking Ombudsman during the year	-	-
c. No. of awards implemented during the year	-	-
d. No. of unimplemented awards at the end of the year	-	-

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

#### 2.1.35 Draw Down from Reserves

During the year ended 31 March, 2018 the Bank has not undertaken any draw down from reserves, except towards issue expenses incurred for the equity raising through the preferential issue, which have been adjusted against the share premium account.

During the year ended 31 March, 2017 the Bank has made a draw down out of the Investment Reserve account towards depreciation on investments in AFS and HFT categories in terms of RBI guidelines.

#### 2.1.36 Letter of Comfort

The Bank has not issued any Letter of Comfort (LoC) on behalf of its subsidiaries during the current and previous year.

#### 2.1.37 Disclosure on Remuneration

Qualitative disclosures

### a) Information relating to the bodies that oversee remuneration:

- ❖ Name, composition and mandate of the main body overseeing remuneration:

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 co-ordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks.

As at 31 March, 2018, the Nomination and Remuneration Committee comprises of the following Non-Executive Directors:

1. Shri Prasad R. Menon - Chairman
2. Shri Rohit Bhagat
3. Shri Rakesh Makhija
4. Shri Som Mittal

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 organisation 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 organisation 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.
- ❖ External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:

The Nomination and Remuneration Committee has commissioned McLagan Aon Hewitt, a globally renowned compensation benchmarking firm, to conduct market benchmarking of employee compensation. The Bank participates in the salary benchmarking survey conducted by Aon Hewitt every year. Aon Hewitt collects data from multiple private sector peer banks across functions, levels and roles which is then used by the Bank to assess market competitiveness of remuneration offered to Bank employees.

- ❖ A description of the scope of the Bank's remuneration policy, including the extent to which it is applicable to foreign subsidiaries and branches:

The Committee monitors the remuneration policy for both domestic and overseas branches of the Bank on behalf of the Board. However, it does not oversee the compensation policy for subsidiaries of the Bank.

- ❖ A description of the type of employees covered and number of such employees:

Employees are categorised into following three categories from remuneration structure and administration standpoint:

#### Category 1

MD & CEO and WTDs. This category includes 4 employees.

#### Category 2

All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance. This category includes 28 employees.

#### Category 3: Other Staff

'Other Staff' has been defined as a "group of employees who pose a material risk". This category includes 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. This category includes 34 employees.

### **b) Information relating to the design and structure of remuneration processes:**

- ❖ An overview of the key features and objectives of 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:

- Affordability: Pay to reflect productivity improvements to retain cost-income competitiveness

- Maintain competitiveness on fixed pay in talent market
- Pay for performance to drive meritocracy through variable pay
- Employee Stock Options for long-term value creation
- Benefits and perquisites to remain aligned with market practices and provide flexibility

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

Compensation is structured in terms of fixed pay, variable pay and employee stock options (for selective employees), with a strong linkage of variable pay to 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.

- ❖ Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:

The Nomination and Remuneration committee reviews the Bank's remuneration policy every year. There were no major changes made in the remuneration policy during the year.

- ❖ A discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee:

The Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee and is guided by the individual employee performance. The remuneration is determined on the basis of relevant risk measures included in the Balanced Scorecard / key deliverables of staff in these functions. The parameters reviewed for performance based rewards are independent of performance of the business area they oversee and commensurate with their individual role in the Bank. Additionally, the ratio of fixed and variable compensation is weighed towards fixed compensation.



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

- ❖ An overview of the key risks that the Bank takes into account when implementing remuneration measures:

The business activity of the Bank is undertaken within the limits of the following risk measures to achieve the financial plan:

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

- ❖ An overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:

The Bank has a robust system of measuring and reviewing these risks. The risk parameters are a part of the Balanced Scorecard used for setting of performance objectives and for measuring performance which includes, besides financial performance, adherence to internal processes, compliance and people perspectives. Weightage is placed on not only financial or quantitative achievement of objectives but also on qualitative aspects detailing how the objectives were achieved.

- ❖ A discussion of the ways in which these measures affect remuneration:

The relevant risk measures are included in the scorecards of MD & CEO and WTDs. Inclusion of the above mentioned measures ensures that performance parameters are aligned to risk measures at the time of performance evaluation. The Nomination and Remuneration Committee takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.

- ❖ A discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration:

During FY 2017-18, the risk measures were reviewed and certain additional metrics pertaining to stressed loans were incorporated in the Balanced Scorecards, in view of the asset quality challenges faced by the Banking industry in recent years.

**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 the 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 organisation. The non-financial goals for employees includes customer service, process improvement, adherence to risk and compliance norms, operations and process control, learning and knowledge development.

- ❖ An overview of main performance metrics for Bank, top level business lines and individuals:

The Bank follows a Balanced Scorecard approach for measuring performance for the Bank, top business lines and individuals. The approach broadly comprises financial, customer, internal processes, compliance and people perspectives and includes parameters on revenue and profitability, business growth, customer initiatives, operational efficiencies, regulatory compliance, risk management and people management.

- ❖ A discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance:

The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate the talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure both internal and external equity in line with emerging market trends. However, the business model and affordability form the overarching boundary conditions.

The Bank follows a Balanced Scorecard approach for measuring individual performance at Senior levels. The Balanced scorecard parameters for individuals are cascaded from the Bank's Balanced Scorecard. The Management Committee or the Nomination and Remuneration Committee reviews the achievements against the set of parameters which determines the performance of the individuals. For all other employees, performance appraisals are conducted annually and initiated by the employee with self-appraisal. The immediate supervisor reviews the appraisal ratings in a joint consultation meeting with the employee and assigns the performance rating. The final ratings are discussed by a Moderation Committee comprising of senior officials of the Bank. Both relative and absolute individual performances are considered for 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.

- ❖ A discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak:

In cases where the performance metrics are weak or not well defined to measure the performance effectively, the Bank uses discretion to reward such employees. The remuneration is then influenced by the operational performance parameters of the Bank along with individual performance achievement.

Whilst determining fixed and variable remuneration, relevant risk measures are included in scorecards of senior employees. Identified risk parameters that are taken into account are as under:

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

As a prudent measure, a portion of variable pay if it exceeds a certain threshold is deferred and is paid proportionately over a period of 3 years. The deferred variable pay amount of reference year would be held back in case of any misrepresentation or gross inaccuracy resulting in a wrong risk assessment.

**e) Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance:**

- ❖ A discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:

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 balanced scorecard / 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
- ❖ A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:

The deferred portion of the variable pay may be delayed in the event of an enquiry determining gross negligence or breach of integrity. The deferred portion is withheld by the Bank till the completion of such enquiries, if any. As a result, no claw back arrangements are made on the deferred portion of the variable pay.

#### **f) Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms:**

- ❖ An overview of the forms of variable remuneration offered:
- 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
  - Employee Stock Options (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 deferred vesting design which helps in directing long term performance orientation among employees
- ❖ A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance:

Variable pay in the form of performance based bonus is paid out annually and is linked to performance achievement against balanced performance measures and aligned with the principles of meritocracy. The proportion of variable pay in total pay shall be higher at senior management levels. The payment of all forms of variable pay is governed by the affordability of the Bank and based on profitability and cost income ratios. At senior management levels (and for certain employees with potential to cause material impact on risk exposure), a portion of variable compensation may be paid out in a deferred manner in order to drive prudent behaviour as well as long term & sustainable performance orientation. Long term variable pay is administered in the form of ESOPs with an objective of enabling employee participation in the business as an active stakeholder and to usher in an 'owner-manager' culture. The quantum of grant of stock options is determined and approved by the Nomination and Remuneration Committee, in terms of the said Regulations and in line with best practices, subject to the approval of RBI. The current ESOP design has an inbuilt deferral intended to spread and manage risk.

#### Quantitative disclosures

- a) The quantitative disclosures pertaining to the MD & CEO, Whole Time Directors and other risk takers for the year ended 31 March, 2018 and 31 March, 2017 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, 2018**

31 March, 2017

		31 March, 2018	31 March, 2017
		▽	
a.	i) Number of meetings held by the Remuneration Committee (main body overseeing remuneration) during the financial year	8	7
	ii) Remuneration paid to its members (sitting fees)	₹15,00,000	₹13,50,000
b.	Number of employees having received a variable remuneration award during the financial year	33*	38*
c.	Number and total amount of sign-on awards made during the financial year	N.A.	N.A.
d.	Number and total amount of guaranteed bonus awarded during the financial year, if any	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	₹0.34 crores (cash bonus)	₹0.99 crores (cash bonus)
g.	Total amount of deferred remuneration paid out in the financial year	₹0.65 crores	₹0.65 crores
h.	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred, different forms used	Fixed - ₹41.00 crores#	Fixed - ₹38.19 crores#
		Variable - ₹9.78 crores*	Variable - ₹11.22 crores*
		Deferred - Nil	Deferred - Nil
		Non-deferred - ₹9.78 crores*	Non-deferred - ₹11.22 crores*
		Number of stock options granted during the financial year - 3,067,750	Number of stock options granted during the financial year - 3,491,000
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.

\* pertains to FY 2016-17 paid to other risk takers (previous years pertains to MD & CEO, WTDs and other risk takers for FY 2015-16)

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

b) Disclosure for compensation of Non-executive Directors (Except Part-time Chairman):

		31 March, 2018	31 March, 2017
		▽	
a.	Amount of remuneration paid during the year (pertains to preceding year)	1.02	0.90

(₹ in crores)



2.1.38 The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by the Bank are as under:

Sr. No.	Nature of Income*	(₹ in crores)	
		31 March, 2018	31 March, 2017
		▽	
1.	For selling life insurance policies	539.49	558.24
2.	For selling non-life insurance policies	56.40	32.95
3.	For selling mutual fund products	388.46	317.44
4.	Others (wealth advisory, RBI and other bonds etc.)	88.48	88.57
	<b>Total</b>	<b>1,072.83</b>	<b>997.20</b>

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

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

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

Particulars	(₹ in crores)	
	31 March, 2018	31 March, 2017
	▽	
Total assets	61,007.58	54,252.62
Total NPAs	4,311.02	4,695.18
Total revenue	2,380.67	2,636.36

2.1.41 During the year ended 31 March, 2018 the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) did not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

During the year ended 31 March, 2017 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 ₹11,558.20 crores.

Market value of investments held in HTM category	Excess of book value over market value for which provision is not made
₹82,665.92 crores	Nil

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

Particulars	(₹ in crores)	
	31 March, 2018	31 March, 2017
	▽	
Opening balance of amounts transferred to DEAF	64.90	41.57
Add : Amounts transferred to DEAF during the year	34.07	24.23
Less : Amounts reimbursed by DEAF towards claims	(1.83)*	(0.90)*
Closing balance of amounts transferred to DEAF	97.14	64.90

\*includes ₹0.39 crores (previous year ₹0.21 crores) of claim raised and pending settlement with RBI



### 2.1.43 Disclosure on Intra-Group Exposures

Particulars	(₹ in crores)	
	31 March, 2018	31 March, 2017
	▽	
Total amount of intra-group exposures	4,954.82	3,232.20
Total amount of top-20 intra-group exposures	4,954.80	3,232.20
Percentage of intra-group exposures to total exposure of the Bank on borrowers/customers	0.68	0.51

During the years ended 31 March, 2018 and 31 March, 2017, the intra-group exposures were within the limits specified by RBI.

### 2.1.44 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/renewals, 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, 2018, there is a write back of ₹9.30 crores (previous year write back of ₹13.88 crores) in provision for un-hedged foreign currency exposures. As on 31 March, 2018, the Bank held incremental capital of ₹220.11 crores (previous year ₹300.05 crores) towards borrowers having un-hedged foreign currency exposures.

### 2.1.45 Disclosure on provisioning pertaining to fraud accounts

	(₹ in crores)	
	31 March, 2018	31 March, 2017
	▽	
Number of frauds reported during the year*	521	205
Amounts involved	353.97	72.92
Provisions held at the beginning of the year	125.49	48.63
Provisions made during the year	228.48	24.29
Provisions held at the end of the year	353.97	72.92
Unamortised provision debited from 'other reserves' as at the end of the year	-	-

\*Excluding 2 cases (previous year 4 cases) amounting to ₹98.96 crores (previous year ₹407.73 crores) reported as fraud during the year and subsequently prudentially written off

### 2.1.46 Detail of Priority Sector Lending Certificates (PSLC) purchased by the Bank are set out below:

Category	(₹ in crores)	
	31 March, 2018	31 March, 2017
	▽	
PSLC – General	9,416.00	600.00
PSLC – Micro Enterprises	300.00	-
PSLC – Small/Marginal Farmers	-	5,000.00
<b>Total</b>	<b>9,716.00</b>	<b>5,600.00</b>

During the years ended 31 March, 2018 and 31 March, 2017, the Bank has not sold any Priority Sector Lending Certificates.



## 2.1.47 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 computes LCR on a daily basis and in accordance with RBI guidelines the quarterly disclosures of LCR contains data on the simple average calculated on daily observations over a period of 90 days.

The Bank follows the criteria laid down by RBI for calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises Government securities 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.

Apart from the LCR position in all currencies put together, the Bank monitors the LCR in US Dollar currency which qualifies as a significant currency 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, 2018		Quarter ended 31 December, 2017		Quarter end 30 September, 2017		Quarter ended 30 June, 2017	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLAs)		79,973.26		73,116.53		71,834.98		71,379.76
Cash Outflows									
2	Retail Deposits and deposits from small business customers,	238,884.37	21,478.87	231,420.68	20,762.31	225,670.59	20,248.80	222,834.02	19,970.18
	of which:								
(i)	Stable Deposits	48,191.37	2,409.57	47,595.16	2,379.76	46,365.18	2,318.26	46,264.28	2,313.21
(ii)	Less Stable Deposits	190,693.00	19,069.30	183,825.52	18,382.55	179,305.41	17,930.54	176,569.74	17,656.97
3	Unsecured wholesale funding, of which:	134,036.28	71,532.35	136,167.50	68,709.21	129,994.35	64,211.05	125,377.35	63,394.94
(i)	Operational deposits (all counterparties)	40,656.37	10,158.50	44,378.91	11,089.40	40,099.06	10,019.37	36,389.68	9,091.82

		Quarter ended 31 March, 2018		Quarter ended 31 December, 2017		Quarter end 30 September, 2017		Quarter ended 30 June, 2017	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
(ii)	Non-operational deposits (all counterparties)	93,379.91	61,373.85	91,788.59	57,619.81	89,895.29	54,191.68	88,987.67	54,303.12
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		805.00		478.26		673.91		618.13
5	Additional requirements, of which	37,389.88	28,299.66	49,195.82	38,150.38	34,403.02	22,945.12	30,661.83	22,632.38
(i)	Outflows related to derivative exposures and other collateral requirements	26,614.31	26,614.31	33,064.39	33,064.39	21,302.10	21,302.10	21,433.96	21,433.97
(ii)	Outflows related to loss of funding on debt products	311.69	311.69	2,981.08	2,981.08	186.50	186.50	162.21	162.21
(iii)	Credit and liquidity facilities	10,463.88	1,373.66	13,150.35	2,104.91	12,914.42	1,456.52	9,065.66	1,036.20
6	Other contractual funding obligations	4,128.51	4,038.52	4,003.84	3,913.84	4,035.69	3,945.69	3,591.80	3,501.80
7	Other contingent funding obligations	224,085.43	8,718.93	222,696.55	8,685.97	211,371.82	8,181.74	205,149.55	7,942.22
8	<b>Total Cash Outflows</b>		<b>134,873.33</b>		<b>140,699.97</b>		<b>120,206.31</b>		<b>118,059.65</b>
<b>Cash Inflows</b>									
9	Secured lending (eg. reverse repo)	673.75	-	673.52	-	1,323.93	-	2,799.40	-
10	Inflows from fully performing exposures	36,820.48	22,956.72	35,799.85	21,898.49	30,901.05	20,233.70	30,430.62	19,018.98
11	Other cash inflows	26,488.54	26,488.54	33,485.59	33,289.34	21,315.71	21,315.72	21,412.85	21,412.85
12	<b>Total Cash Inflows</b>	<b>63,982.77</b>	<b>49,445.26</b>	<b>69,958.96</b>	<b>55,187.83</b>	<b>53,540.69</b>	<b>41,549.42</b>	<b>54,642.87</b>	<b>40,431.83</b>
		Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
21	<b>Total HQLA</b>		<b>79,973.26</b>		<b>73,116.53</b>		<b>71,834.98</b>		<b>71,379.76</b>
22	<b>Total Net Cash Outflows</b>		<b>85,428.07</b>		<b>85,512.14</b>		<b>78,656.89</b>		<b>77,627.82</b>
23	<b>Liquidity Coverage Ratio%</b>		<b>93.61%</b>		<b>85.50%</b>		<b>91.33%</b>		<b>91.95%</b>

Note: 1) Average for all the quarters is simple average of daily observations for the quarter.

- 2) Classification of inflows and outflows for determining the run off factors 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.

(₹ in crores)

		Quarter ended 31 March, 2017		Quarter ended 31 December, 2016		Quarter end 30 September, 2016		Quarter ended 30 June, 2016	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLAs)		69,068.02		73,485.84		62,071.82		57,911.67
Cash Outflows									
2	Retail Deposits and deposits from small business customers,	223,062.16	19,876.45	227,335.01	20,322.23	214,721.91	19,443.96	206,725.61	18,700.11
	of which:								
(i)	Stable Deposits	48,595.25	2,429.76	48,225.63	2,411.29	40,564.79	2,028.25	39,449.20	1,972.47
(ii)	Less Stable Deposits	174,466.91	17,446.69	179,109.38	17,910.94	174,157.12	17,415.71	167,276.41	16,727.64
3	Unsecured wholesale funding, of which:	114,310.99	57,658.68	105,538.02	51,751.28	107,610.78	51,052.33	104,027.70	52,853.63
(i)	Operational deposits (all counterparties)	31,269.64	7,812.33	33,120.72	8,275.36	35,890.75	8,967.75	32,443.10	8,105.92



		Quarter ended 31 March, 2017		Quarter ended 31 December, 2016		Quarter end 30 September, 2016		Quarter ended 30 June, 2016	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
(ii)	Non-operational deposits (all counterparties)	83,041.35	49,846.35	72,417.30	43,475.92	71,720.03	42,084.58	71,584.60	44,747.71
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		462.22		500.00		1,014.84		1,752.55
5	Additional requirements, of which	33,918.61	26,359.82	30,613.59	22,523.69	22,670.54	15,707.75	24,332.56	13,495.84
(i)	Outflows related to derivative exposures and other collateral requirements	24,578.76	24,578.76	19,194.47	19,194.47	14,927.66	14,927.67	12,354.13	12,354.13
(ii)	Outflows related to loss of funding on debt products	864.71	864.71	2,388.52	2,388.52	-	-	-	-
(iii)	Credit and liquidity facilities	8,475.14	916.35	9,030.60	940.70	7,742.88	780.08	11,978.43	1,141.71
6	Other contractual funding obligations	3,696.81	3,606.81	3,505.93	3,415.93	3,777.42	3,687.42	3,046.03	2,956.03
7	Other contingent funding obligations	199,879.47	7,735.28	196,561.11	7,658.97	181,755.53	7,110.29	180,297.54	6,994.77
8	Total Cash Outflows		115,699.26		106,172.10		98,016.59		96,752.93
<b>Cash Inflows</b>									
9	Secured lending (eg. reverse repo)	7,332.28	-	9,101.00	-	2,570.67	-	-	-
10	Inflows from fully performing exposures	23,518.10	18,575.43	27,200.87	18,767.80	26,214.48	17,804.76	24,594.96	17,307.41
11	Other cash inflows	24,605.83	24,605.83	19,063.95	19,063.95	14,913.06	14,913.06	12,401.32	12,401.32
12	Total Cash Inflows	55,456.21	43,181.26	55,365.82	37,831.75	43,698.21	32,717.82	36,996.28	29,708.73
		Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
21	Total HQLA		69,068.02		73,485.84		62,071.82		57,911.67
22	Total Net Cash Outflows		72,518.00		68,340.35		65,298.77		67,044.20
23	Liquidity Coverage Ratio %		95.24%		107.53%		95.06%		86.38%

Note: 1) Average for quarter ended 31 March, 2017 is simple average of daily observations for the quarter. Average for other quarters represents simple average of monthly observations for the respective quarters.

- 2) Classification of inflows and outflows for determining the run off factors 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.

## 2.2 Other disclosures

2.2.1 During the year, the Bank has appropriated ₹101.65 crores (previous year ₹755.57 crores) to the Capital Reserve, net of taxes and transfer to statutory 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 ₹1.62 crores (previous year ₹1.75 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.

### 2.2.3 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

	31 March, 2018	31 March, 2017
	▽	
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	275.68	3,679.28
Basic weighted average no. of shares (in crores)	244.51	238.93
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	0.75	0.94
Diluted weighted average no. of shares (in crores)	245.26	239.87
Basic EPS (₹)	1.13	15.40
Diluted EPS (₹)	1.12	15.34
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 7,517,504 (previous year 9,429,479) 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 eligible employees and Whole Time Directors of the subsidiary companies.

246,272,950 options have been granted under the Scheme till the previous year ended 31 March, 2017.

On 15 May, 2017, the Bank granted 6,885,700 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/subsidiary companies at a price of ₹503.00 per option.

Stock option activity under the Scheme for the year ended 31 March, 2018 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	29,711,124	217.33 to 535.00	383.16	3.98
Granted during the year	6,885,750	503.00	503.00	-
Forfeited during the year	(810,120)	306.54 to 535.00	470.15	-
Expired during the year	(57,910)	217.33 to 289.51	275.32	-
Exercised during the year	(6,173,935)	217.33 to 535.00	270.47	-
Outstanding at the end of the year	29,554,909	217.33 to 535.00	432.45	4.22
Exercisable at the end of the year	16,062,159	217.33 to 535.00	378.40	2.85

The weighted average share price in respect of options exercised during the year was ₹524.51



Stock option activity under the Scheme for the year ended 31 March, 2017 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	35,527,310	217.33 to 535.00	327.56	3.33
Granted during the year	7,153,000	469.90	469.90	-
Forfeited during the year	(690,050)	217.33 to 535.00	455.72	-
Expired during the year	(74,853)	217.33 to 289.51	257.56	-
Exercised during the year	(12,204,283)	217.33 to 535.00	268.81	-
Outstanding at the end of the year	29,711,124	217.33 to 535.00	383.16	3.98
Exercisable at the end of the year	15,934,524	217.33 to 535.00	319.45	2.41

The weighted average share price in respect of options exercised during the year was ₹507.67.

#### 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, 2018 ▽	31 March, 2017
Net Profit (as reported) (₹ in crores)	275.68	3,679.28
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)	(102.86)	(101.47)
<b>Net Profit (Proforma) (₹ in crores)</b>	<b>172.82</b>	<b>3,577.81</b>
<b>Earnings per share: Basic (in ₹)</b>		
As reported	1.13	15.40
Proforma	0.71	14.97
<b>Earnings per share: Diluted (in ₹)</b>		
As reported	1.12	15.34
Proforma	0.70	14.92

During the years ended, 31 March, 2018 and 31 March, 2017, no cost has been incurred by the Bank on ESOPs issued to the employees of the Bank and employees of subsidiaries under the intrinsic value method.

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, 2018 ▽	31 March, 2017
Dividend yield	1.16%	1.29%
Expected life	2.57-4.57 years	2.57-4.57 years
Risk free interest rate	6.55% to 6.82%	7.15% to 7.39%
Volatility	31.80% to 33.56%	32.92% to 35.75%

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, 2018 is ₹155.53 (previous year ₹153.66).

#### 2.2.5 Proposed Dividend

After making mandatory appropriations to Statutory Reserve, Investment Reserve, Reserve Fund and Capital Reserve, no profits are available for distribution as dividend for the year ended 31 March, 2018. Accordingly, no dividend has been recommended by the Board of Directors for the year ended 31 March, 2018.

Dividend paid during the year, represents dividend (₹5 per equity share) for the year ended 31 March, 2017 paid pursuant to approval of shareholders at Annual General Meeting held on 26 July, 2017.

#### 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.
Unallocated assets and liabilities	All items which are reckoned at an enterprise level are classified under this segment such as deferred tax, money received against share warrants, tax paid in advance net of provision etc.

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, 2018				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
	▽				
<b>Segment Revenue</b>					
Gross interest income (external customers)	11,825.78	14,607.46	19,347.07	-	45,780.31
Other income	3,088.74	2,812.03	3,988.73	1,077.59	10,967.09
<b>Total income as per Profit and Loss Account</b>	<b>14,914.52</b>	<b>17,419.49</b>	<b>23,335.80</b>	<b>1,077.59</b>	<b>56,747.40</b>
Add/(less) inter segment interest income	49,386.08	5,402.38	17,298.22	-	72,086.68
<b>Total segment revenue</b>	<b>64,300.60</b>	<b>22,821.87</b>	<b>40,634.02</b>	<b>1,077.59</b>	<b>128,834.08</b>
Less: Interest expense (external customers)	13,305.80	810.02	13,046.76	-	27,162.58
Less: Inter segment interest expense	45,761.40	12,352.62	13,972.08	0.58	72,086.68
Less: Operating expenses	383.64	3,731.86	9,753.64	121.20	13,990.34
<b>Operating profit</b>	<b>4,849.76</b>	<b>5,927.37</b>	<b>3,861.54</b>	<b>955.81</b>	<b>15,594.48</b>
Less: Provision for non-performing assets/others*	1,759.93	11,852.41	1,860.57	-	15,472.91
<b>Segment result</b>	<b>3,089.83</b>	<b>(5,925.04)</b>	<b>2,000.97</b>	<b>955.81</b>	<b>121.57</b>
Less: Provision for tax					(154.11)
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>275.68</b>
Segment assets	228,322.23	223,754.56	229,710.81	690.55	682,478.15
Unallocated assets					8,851.43
<b>Total assets</b>					<b>691,329.58</b>
Segment liabilities	230,818.80	132,836.77	263,380.50	25.08	627,061.15
Unallocated liabilities					823.17
<b>Total liabilities</b>					<b>627,884.32</b>
<b>Net assets</b>	<b>(2,496.57)</b>	<b>90,917.79</b>	<b>(33,669.69)</b>	<b>665.47</b>	<b>63,445.26</b>
<b>Capital expenditure for the year</b>	<b>15.15</b>	<b>225.30</b>	<b>501.71</b>	<b>15.14</b>	<b>757.30</b>
<b>Depreciation on fixed assets for the year</b>	<b>11.36</b>	<b>169.01</b>	<b>376.37</b>	<b>11.36</b>	<b>568.10</b>

(₹ in crores)

	31 March, 2017				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
<b>Segment Revenue</b>					
Gross interest income (external customers)	11,653.01	15,767.68	17,121.47	-	44,542.16
Other income	4,642.18	2,958.55	3,088.44	1,002.14	11,691.31
<b>Total income as per Profit and Loss Account</b>	<b>16,295.19</b>	<b>18,726.23</b>	<b>20,209.91</b>	<b>1,002.14</b>	<b>56,233.47</b>
Add/(less) inter segment interest income	48,713.22	5,358.37	18,029.89	-	72,101.48
<b>Total segment revenue</b>	<b>65,008.41</b>	<b>24,084.60</b>	<b>38,239.80</b>	<b>1,002.14</b>	<b>128,334.95</b>
Less: Interest expense (external customers)	12,484.43	663.30	13,301.31	-	26,449.04
Less: Inter segment interest expense	47,974.47	11,937.93	12,188.50	0.58	72,101.48
Less: Operating expenses	456.91	3,317.95	8,307.81	117.24	12,199.91
<b>Operating profit</b>	<b>4,092.60</b>	<b>8,165.42</b>	<b>4,442.18</b>	<b>884.32</b>	<b>17,584.52</b>

	31 March, 2017				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Less: Provision for non-performing assets/others*	1,233.89	10,041.75	841.32	-	12,116.96
Segment result	2,858.71	(1,876.33)	3,600.86	884.32	5,467.56
Less: Provision for tax					1,788.28
Extraordinary profit/loss					-
Net Profit					3,679.28
Segment assets	209,865.71	198,331.45	186,937.38	746.92	595,881.46
Unallocated assets					5,586.21
Total assets					601,467.67
Segment liabilities	194,987.16	118,340.37	232,331.99	42.00	545,701.52
Unallocated liabilities					3.61
Total liabilities					545,705.13
Net assets	14,878.55	79,991.08	(45,394.61)	704.92	55,762.54
Capital expenditure for the year	26.75	210.64	417.94	13.37	668.71
Depreciation on fixed assets for the year	20.35	160.27	318.00	10.18	508.80

\*represents material non-cash items other than depreciation

#### Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	▽		▽		▽	
Revenue	54,366.73	53,597.11	2,380.67	2,636.36	56,747.40	56,233.47
Assets	630,322.00	547,215.05	61,007.58	54,252.62	691,329.58	601,467.67
Capital Expenditure incurred	754.29	667.83	3.01	0.88	757.30	668.71
Depreciation provided	565.53	506.00	2.57	2.80	568.10	508.80

#### 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

- Ms. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. V. Srinivasan (Deputy Managing Director)
- Mr. Rajiv Anand [Executive Director (Retail Banking)]
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)]



### c) Relatives of Key Management Personnel

Mr. Sanjaya Sharma, Ms. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Ms. Gayathri Srinivasan, Mr. V. Satish, Ms. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Ms. Mallika Dahiya, Ms. Jal Medha, Ms. Pooja Rathi, Mr. Jai Prakash Dahiya.

### 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
- A.Treds Limited
- Accelyst Solutions Private Limited with effect from 6 October, 2017
- Freecharge Payment Technologies Private Limited with effect from 6 October, 2017

### e) Step down subsidiary companies

- Axis Capital USA LLC with effect from 2 August, 2017

Based on RBI guidelines, details of transactions with step down subsidiaries are not disclosed since there is only one entity/party in this category.

The details of transactions of the Bank with its related parties during the year ended 31 March, 2018 are given below:

(₹ in crores)

ITEMS/RELATED PARTY	Promoters	Key Management Personnel	Relatives of Key Management Personnel ▽	Subsidiaries	Total
Dividend paid	343.52	1.08	-	-	344.60
Dividend received	-	-	-	256.06	256.06
Interest paid	545.58	0.22	0.19	15.48	561.47
Interest received	0.02	0.77	-	29.92	30.71
Investment of the Bank	-	-	-	325.00	325.00
Investment in non-equity instruments of related party	393.00	-	-	100.00	493.00
Investment of related party in the Bank	1,200.00	33.75	-	-	1,233.75
Investment of related party in Hybrid capital/Bonds of the Bank	-	-	-	-	-
Redemption of Hybrid capital/Bonds of the Bank	-	-	-	-	-
Purchase of investments	188.69	-	-	-	188.69
Sale of investments	868.73	1.12	-	-	869.85
Management contracts	-	12.18	-	15.63	27.81
Contribution to employee benefit fund	16.16	-	-	-	16.16
Placement of deposits	0.05	-	-	-	0.05
Non-funded commitments (issued)	0.20	-	-	0.05	0.25

## ITEMS/RELATED PARTY

	Promoters	Key Management Personnel	Relatives of Key Management Personnel ▽	Subsidiaries	Total
Call/Term lending to related party	-	-	-	311.94	311.94
Swaps/Forward contracts	-	-	-	131.65	131.65
Advance granted (net)	-	7.99	-	858.24	866.23
Advance repaid	6.50	0.04	-	-	6.54
Purchase of loans	-	-	-	18.17	18.17
Sell down of loans (including undisbursed loan commitments)	-	-	-	64.87	64.87
Receiving of services	105.28	-	-	785.10	890.38
Rendering of services	17.42	0.05	-	264.40	281.87
Sale of foreign exchange currency to related party	-	1.29	-	-	1.29
Refund of Share Capital from related party	-	-	-	-	-
Other reimbursements from related party	-	-	-	8.11	8.11
Other reimbursements to related party	0.75	-	-	3.73	4.48

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel ▽	Subsidiaries	Total
Call/Term lending to related party	-	-	-	312.84	312.84
Deposits with the Bank	6,213.80	4.33	3.46	381.55	6,603.14
Placement of deposits	0.43	-	-	-	0.43
Advances	7.07	18.31	0.04	1,016.33	1,041.75
Investment of the Bank	-	-	-	2,092.71	2,092.71
Investment in non-equity instruments of related party	205.70	-	-	-	205.70
Investment of related party in the Bank	135.29	0.50	-	-	135.79
Non-funded commitments	3.35	-	-	0.05	3.40
Investment of related party in Hybrid capital/Bonds of the Bank	4,300.00	-	-	-	4,300.00
Payable under management contracts	-	3.70	-	-	3.70
Other receivables (net)	-	-	-	35.52*	35.52
Other payables (net)	-	-	-	51.85	51.85



The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2018 are given below:

(₹ in crores)

ITEMS/RELATED PARTY	Promoters	Key Management Personnel	Relatives of Key Management Personnel ▽	Subsidiaries	Total
Deposits with the Bank	10,153.25	17.12	5.78	830.10	11,006.25
Placement of deposits	0.43	-	-	-	0.43
Advances	16.76	18.31	0.09	1,402.57	1,437.73
Investment of the Bank	-	-	-	2,092.71	2,092.71
Investment of related party in the Bank	137.76	0.50	-	-	138.26
Investment in non-equity instruments of the Bank	393.00	-	-	100.00	493.00
Non-funded commitments	3.39	-	-	0.05	3.44
Call lending	-	-	-	312.89	312.89
Swaps/Forward contracts	-	-	-	3.20	3.20
Investment of related party in Hybrid Capital/Bonds of the Bank	4,300.00	-	-	-	4,300.00
Payable under management contracts	-	3.70	-	-	3.70
Other receivables (net)	-	-	-	54.31	54.31
Other payables (net)	-	-	-	80.98	80.98

The details of transactions of the Bank with its related parties during the year ended 31 March, 2017 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Dividend paid	354.69	0.70	-	-	355.39
Dividend received	-	-	-	183.28	183.28
Interest paid	666.31	0.14	0.16	24.90	691.51
Interest received	1.61	0.55	-	14.51	16.67
Investment of the Bank	-	-	-	116.75	116.75
Investment in non-equity instruments of related party	110.00	-	-	347.32	457.32
Investment of related party in the Bank	-	46.45	-	-	46.45
Investment of related party in Hybrid capital/Bonds of the Bank	1,050.00	-	-	-	1,050.00
Redemption of Hybrid capital/Bonds of the Bank	70.00	-	-	-	70.00
Purchase of investments	-	-	-	-	-
Sale of investments	758.78	3.52	0.11	-	762.41
Management contracts	-	11.35	-	16.91	28.26
Contribution to employee benefit fund	15.75	-	-	-	15.75
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Placement of deposits	-	-	-	-	-
Repayment of deposits	-	-	-	-	-
Non-funded commitments (issued)	0.05	-	-	31.00	31.05
Call/Term borrowing	-	-	-	-	-
Call/Term lending	-	-	-	10.05	10.05
Swaps/Forward contracts	-	-	-	97.59	97.59
Advance granted (net)	0.67	-	-	-	0.67
Advance repaid	-	0.20	-	97.18	97.38
Advance to related party against rendering of services	-	-	-	-	-
Receiving of services	100.67	-	-	610.55	711.22
Rendering of services	2.43	0.05	-	137.91	140.39
Purchase of equity shares from related party	-	-	-	-	-
Refund of Share Capital from related party	-	-	-	8.36	8.36
Other reimbursements from related party	-	-	-	10.38	10.38
Other reimbursements to related party	0.41	-	-	0.18	0.59

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2017 are given below:

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	(₹ in crores)
					Total
Borrowings from the Bank	-	-	-	-	-
Call/Term lending to related party	-	-	-	-	-
Deposits with the Bank	7,951.11	1.90	2.99	830.10	8,786.10
Placement of deposits	0.38	-	-	-	0.38
Advances	13.57	10.35	0.02	162.44	186.38
Investment of the Bank	-	-	-	1,372.26	1,372.26
Investment in non-equity instruments of related party	56.10	-	-	57.18	113.28
Investment of related party in the Bank	137.76	0.41	-	-	138.17
Non-funded commitments	3.14	-	-	-	3.14
Investment of related party in Hybrid capital/Bonds of the Bank	4,300.00	-	-	-	4,300.00
Payable under management contracts	-	0.81	-	-	0.81
Other receivables (net)	-	-	-	50.58*	50.58
Other payables (net)	-	-	-	31.24	31.24
Swap/Forward contracts	-	-	-	-	-



The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2017 are given below:

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	(₹ in crores)	
				Subsidiaries	Total
Deposits with the Bank	9,003.33	10.82	3.53	1,874.66	10,892.34
Placement of deposits	0.38	-	-	-	0.38
Advances	25.70	10.52	0.08	1,327.66	1,363.96
Investment of the Bank	-	-	-	1,391.28	1,391.28
Investment of related party in the Bank	141.89	0.41	-	-	142.30
Investment in non-equity instruments of the Bank	110.00	-	-	347.32	457.32
Non-funded commitments	3.21	-	-	31.00	34.21
Call borrowing	-	-	-	-	-
Call lending	-	-	-	67.75	67.75
Swaps/Forward contracts	-	-	-	5.09	5.09
Investment of related party in Hybrid Capital/Bonds of the Bank	4,355.00	-	-	-	4,355.00
Payable under management contracts	-	1.37	-	-	1.37
Other receivables (net)	-	-	-	71.04	71.04
Other payables (net)	-	-	-	36.73	36.73

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.

The significant transactions between the Bank and related parties during the year ended 31 March, 2018 and 31 March, 2017 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:

Particulars	(₹ in crores)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
<b>Dividend paid</b>		
Life Insurance Corporation of India	165.04	174.43
Administrator of the Specified Undertaking of the Unit Trust of India	137.42	137.42
<b>Dividend received</b>		
Axis Finance Limited	121.28	94.94
Axis Capital Limited	102.90	51.45



Particulars	Year ended 31 March, 2018 ▽	Year ended 31 March, 2017
Axis Securities Limited	19.51	17.70
Axis Trustee Services Limited	12.38	12.38
<b>Interest paid</b>		
Life Insurance Corporation of India	502.36	543.21
Administrator of the Specified Undertaking of the Unit Trust of India	10.16	73.12
<b>Interest received</b>		
Axis Finance Limited	15.31	4.91
Axis Bank UK Limited	12.47	8.89
Life Insurance Corporation of India	-	1.48
<b>Investment of the Bank</b>		
Axis Finance Limited	125.00	100.00
Accelyst Solutions Private Limited	100.00	N.A.
Freecharge Payment Technologies Private Limited	100.00	N.A.
A.Treds Limited	-	16.75
<b>Investment in non-equity instruments of related party</b>		
United India Insurance Co. Limited	393.00	-
Axis Finance Limited	100.00	347.32
National Insurance Co. Limited	-	110.00
<b>Investment of related party in the Bank</b>		
Life Insurance Corporation of India	1,200.00	-
Ms. Shikha Sharma	17.36	29.66
Mr. V. Srinivasan	8.03	12.03
<b>Investment of related party in Hybrid capital/Bonds of the Bank</b>		
Life Insurance Corporation of India	-	1,000.00
United India Insurance Co. Limited	-	50.00
Redemption of Hybrid capital/Bonds of the Bank		
General Insurance Corporation Co. Limited	-	50.00
United India Insurance Co. Limited	-	20.00
<b>Purchase of investments</b>		
United India Insurance Co. Limited	188.69	-
<b>Sale of investments</b>		
New India Assurance Co. Limited	421.03	200.00
General Insurance Corporation Co. Limited	230.00	390.00
United India Insurance Co. Limited	157.44	55.09
National Insurance Co. Limited	35.00	50.00
<b>Management contracts</b>		
Axis Securities Limited	7.05	6.18
Ms. Shikha Sharma	4.84	5.42
Axis Capital Limited	3.49	3.84
Mr. V. Srinivasan	3.12	3.36
Axis Trustee Services Limited	3.10	3.43



Particulars	Year ended 31 March, 2018 ▽	Year ended 31 March, 2017
Axis Finance Limited	-	2.99
Contribution to employee benefit fund		
Life Insurance Corporation of India	16.16	15.75
Placement of deposits		
Life Insurance Corporation of India	0.05	-
Call/Term lending to related party		
Axis Bank UK Limited	311.94	10.05
Swaps/Forward contracts		
Axis Bank UK Limited	131.65	97.59
Advance granted (net)		
Life Insurance Corporation of India	-	0.67
Axis Finance Limited	848.20	-
Advance repaid		
Life Insurance Corporation of India	6.50	-
Axis Finance Limited	-	97.17
Purchase of loans		
Axis Bank UK Limited	18.17	-
Sell down of loans (including undisbursed loan commitments)		
Axis Bank UK Limited	64.87	-
Receiving of services		
Axis Securities Limited	740.45	583.77
The Oriental Insurance Co. Limited	66.42	75.00
Rendering of services		
Axis Asset Management Company Limited	249.67	121.38
Axis Capital Limited	19.85	7.43
Axis Bank UK Limited	1.26	1.19
Sale of foreign exchange currency to related party		
Ms. Shikha Sharma	1.29	-
Refund of Share Capital from related party		
Axis Securities Europe Limited	N.A.	8.36
Other reimbursements from related party		
Axis Capital Limited	4.10	4.73
Axis Asset Management Company Limited	2.55	3.05
Axis Securities Limited	0.23	0.47
Axis Bank UK Limited	-	0.41
Other reimbursements to related party		
Axis Securities Limited	2.95	0.04
Life Insurance Corporation of India	0.75	0.41
Accelyst Solutions Private Limited	0.47	N.A.
Axis Bank UK Limited	0.11	0.12

## 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.

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Future lease rentals payable as at the end of the year:		
- Not later than one year	718.43	682.25
- Later than one year and not later than five years	2,224.30	2,110.88
- Later than five years	1,844.71	1,446.88
Total of minimum lease payments recognised in the Profit and Loss Account for the year	800.26	756.48
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	4.25	3.80
Sub-lease payments recognised in the Profit and Loss Account for the year	0.60	0.49

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:

Particulars	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
At cost at the beginning of the year	1,059.56	852.85
Additions during the year	232.10	206.75
Deductions during the year	(0.02)	(0.04)
Accumulated depreciation as at 31 March	(857.75)	(691.66)
Closing balance as at 31 March	433.89	367.90
Depreciation charge for the year	166.09	130.88

## 2.2.10 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

As at	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Deferred tax assets on account of provisions for loan losses	6,626.72	4,732.25
Deferred tax assets on account of amortisation of HTM investments	11.28	12.80
Deferred tax assets on account of provision for employee benefits	92.73	97.45
Deferred tax assets on account of other items	273.64	311.17
Deferred tax assets	7,004.37	5,153.67
Deferred tax liabilities on account of depreciation on fixed assets	103.10	91.48
Deferred tax liabilities on account of other items	24.92	-
Deferred tax liabilities	128.02	91.48
Net Deferred tax assets	6,876.35	5,062.19



### 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)

	31 March, 2018	31 March, 2017
	▽	
Current Service Cost	88.53	76.80
Interest on Defined Benefit Obligation	127.95	115.68
Expected Return on Plan Assets	(171.00)	(135.93)
Net Actuarial Losses/(Gains) recognised in the year	43.05	20.25
<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>	<b>88.53</b>	<b>76.80</b>
Actual Return on Plan Assets	140.05	136.51

#### Balance Sheet

Details of provision for provident fund

	31 March, 2018	31 March, 2017
	▽	
Fair Value of Plan Assets	2,004.57	1,687.15
Present Value of Funded Obligations	(2,004.57)	(1,687.15)
<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:

	31 March, 2018	31 March, 2017
	▽	
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	1,687.15	1,437.90
Current Service Cost	88.53	76.80
Interest Cost	127.95	115.68
Actuarial Losses/(Gains)	12.10	20.83

	31 March, 2018	31 March, 2017
	▽	
Employees Contribution	200.77	181.16
Liability transferred from/to other companies	(14.62)	(22.88)
Benefits Paid	(97.31)	(122.34)
<b>Closing Defined Benefit Obligation</b>	<b>2,004.57</b>	<b>1,687.15</b>

Changes in the fair value of plan assets are as follows:

	31 March, 2018	31 March, 2017
	▽	
<b>Change in the Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	1,687.15	1,437.90
Expected Return on Plan Assets	171.00	135.93
Actuarial Gains/(Losses)	(30.95)	0.58
Employer contribution during the period	88.53	76.80
Employee contribution during the period	200.77	181.16
Assets transferred from/to other companies	(14.62)	(22.88)
Benefits Paid	(97.31)	(122.34)
<b>Closing Fair Value of Plan Assets</b>	<b>2,004.57</b>	<b>1,687.15</b>

Experience adjustments\*

	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014
	▽				
Defined Benefit Obligations	2,004.57	1,687.15	1,437.90	1,240.83	1,013.25
Plan Assets	2,004.57	1,687.15	1,437.90	1,240.83	1,013.25
Surplus/(Deficit)	-	-	-	-	-
Experience Adjustments on Plan Liabilities	12.10	20.83	12.08	(1.78)	53.03
Experience Adjustments on Plan Assets	(30.95)	0.58	(6.16)	(3.99)	41.42

\* information provided to the extent available with the Bank

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2018	31 March, 2017
	▽	
	%	%
Government securities	53.75	53.74
Bonds, debentures and other fixed income instruments	42.16	43.47
Equity shares	3.79	1.66
Others	0.30	1.13



	31 March, 2018 ▽	31 March, 2017
Discount rate for the term of the obligation	7.95%	7.40%
Average historic yield on the investment portfolio	8.90%	9.11%
Discount rate for the remaining term to maturity of the investment portfolio	7.68%	6.93%
Expected investment return	9.17%	9.58%
Guaranteed rate of return	8.55%	8.65%

The contribution to the employee's provident fund (including Employee Pension Scheme) amounted to ₹148.98 crores (previous year ₹133.67 crores) for the year.

### Superannuation

The Bank contributed ₹15.91 crores (previous year ₹15.33 crores) to the employees' superannuation plan for the year.

### National Pension Scheme (NPS)

During the year, the Bank has contributed ₹3.82 crores (previous year ₹2.45 crores) to the NPS for employees who had opted for the scheme.

### Leave Encashment

The actuarial liability of compensated absences of accumulated privileged leave of the employees of the Bank is given below:

	31 March, 2018 ▽	(₹ in crores) 31 March, 2017
Actuarial Liability – Privilege Leave	243.82	247.46
Total Expense included in Schedule 16(I)	47.33	79.87
<b>Assumptions</b>		
Discount rate	7.95% p.a.	7.40% 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)

	31 March, 2018 ▽	(₹ in crores) 31 March, 2017
Current Service Cost	39.07	32.54
Interest on Defined Benefit Obligation	22.81	20.15
Expected Return on Plan Assets	(21.68)	(18.07)
Net Actuarial Losses/(Gains) recognised in the year	(16.24)	25.32
Past Service Cost	28.33	-
Total included in "Employee Benefit Expense" [Schedule 16(I)]	52.29	59.94
Actual Return on Plan Assets	26.27	16.44

## Balance Sheet

### Details of provision for gratuity

	31 March, 2018	31 March, 2017
	▽	
Fair Value of Plan Assets	323.72	279.65
Present Value of Funded Obligations	(342.56)	(284.83)
<b>Net Asset</b>	<b>(18.84)</b>	<b>(5.18)</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	(18.84)	5.18
Assets	-	-
<b>Net Asset (included under Schedule 11 – Other Assets)</b>	<b>(18.84)</b>	<b>(5.18)</b>

### Changes in the present value of the defined benefit obligation are as follows:

	31 March, 2018	31 March, 2017
	▽	
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	284.83	232.55
Current Service Cost	39.07	32.54
Interest Cost	22.81	20.15
Actuarial Losses/(Gains)	(11.65)	23.68
Past service cost	28.33	-
Benefits Paid	(20.83)	(24.09)
<b>Closing Defined Benefit Obligation</b>	<b>342.56</b>	<b>284.83</b>

### Changes in the fair value of plan assets are as follows:

	31 March, 2018	31 March, 2017
	▽	
<b>Change in the Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	279.65	232.56
Expected Return on Plan Assets	21.68	18.07
Actuarial Gains/(Losses)	4.59	(1.64)
Contributions by Employer	38.63	54.75
Benefits Paid	(20.83)	(24.09)
<b>Closing Fair Value of Plan Assets</b>	<b>323.72</b>	<b>279.65</b>

### Experience adjustments

	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014
	▽				
Defined Benefit Obligations	342.56	284.83	232.55	206.96	157.72
Plan Assets	323.72	279.65	232.56	209.49	163.35
Surplus/(Deficit)	(18.84)	(5.18)	0.01	2.53	5.63
Experience Adjustments on Plan Liabilities	4.39	6.64	2.78	1.06	7.67
Experience Adjustments on Plan Assets	4.59	(1.64)	(5.36)	1.27	2.33





### Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2018	31 March, 2017
	▽	
	%	%
Government securities	49.04	37.30
Bonds, debentures and other fixed income instruments	28.81	47.98
Money market instruments	19.71	8.66
Equity shares	2.22	3.52
Others	0.22	2.54

### Principal actuarial assumptions at the Balance Sheet date:

	31 March, 2018	31 March, 2017
	▽	
Discount Rate	7.95% p.a.	7.40% 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		
- 18 to 30 (age in years)	20.00%	20.00%
- 31 to 44 (age in years)	10.00%	10.00%
- 45 to 59 (age in years)	5.00%	5.00%

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, 2018	31 March, 2017
	▽	
	(₹ in crores)	
Opening balance at the beginning of the year	59.40	39.82
Additions during the year	2.00	23.47
Reductions on account of payments during the year	(0.15)	-
Reductions on account of reversals during the year	(0.27)	(3.89)
Closing balance at the end of the year	60.98	59.40

- b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

	31 March, 2018	31 March, 2017
	▽	
Opening provision at the beginning of the year	110.45	127.38
Provision made during the year	89.05	32.17
Reductions during the year	(55.56)	(49.10)
<b>Closing provision at the end of the year</b>	<b>143.94</b>	<b>110.45</b>

- c) Movement in provision for other contingencies is set out below:

	31 March, 2018	31 March, 2017
	▽	
Opening provision at the beginning of the year	595.62	539.09
Provision made during the year	342.25	1,036.59
Reductions during the year	(787.21)	(980.06)
<b>Closing provision at the end of the year</b>	<b>150.66</b>	<b>595.62</b>

The above provision includes contingent provision for advances/other exposures, legal cases and other contingencies.

#### 2.2.13 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.

#### 2.2.14 Corporate Social Responsibility (CSR)

- a) Amount required to be spent by the Bank on CSR during the year ₹186.82 crores (previous year ₹196.44 crores).
- b) Amount spent towards CSR during the year and recognized as expense in the statement of profit and loss on CSR related activities is ₹133.77 crores (previous year ₹135.39 crores), which comprise of following -

(₹ in crores)

31 March, 2018				31 March, 2017		
		▽				
	In cash	Yet to be paid in cash (i.e. provision)	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/ acquisition of any asset	2.22	-	2.22	2.80	10.40	13.20
On purpose other than above	124.28	7.27	131.55	106.78	15.41	122.19

#### 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 ₹42.70 crores as on 31 March, 2018 (previous year ₹26.23 crores) towards claims assessed as probable.

- b) Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments.



c) 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.

d) 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.

e) 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.

f) 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, 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, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB), which were subsequently alleged as fraudulent by PNB. Prior to this declaration by PNB, such buyer's credit loans were sold down in the secondary market by the overseas branch to various participating banks under Risk Participation Agreements. As on 31 March, 2018, there is no funded exposure outstanding in the overseas branch pursuant to such sell down. PNB has repaid the aggregate amount of all LOUs due upto 31 March 2018, pursuant to an undertaking issued to PNB, and made remittance to the overseas branch which has been passed on for onward payment to the participating banks. Based on the facts and circumstances of the case, internal findings and legal opinion, the Bank does not expect PNB has any valid right at this point in time, for refund by the Bank of the aggregate amount paid by PNB towards LOUs due upto 31 March, 2018. However, as a matter of prudence, the aggregate amount of LOUs issued by PNB to the overseas branch against which buyer's credit was extended, aggregating to ₹3,847.26 crores has been disclosed as part of Contingent Liabilities in the Balance Sheet.

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

Samir K. Barua  
Director

S. Vishvanathan  
Director

Rakesh Makhija  
Director

Shikha Sharma  
Managing Director & CEO

Date : 26 April, 2018  
Place: Mumbai

Girish V. Koliyote  
Company Secretary

Jairam Sridharan  
Chief Financial Officer

V. Srinivasan  
Deputy Managing Director

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Axis Bank Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Axis Bank Limited (hereinafter referred to as "the Bank"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated 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, the Companies (Accounting Standards) Amendment Rules, 2016, the provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by the Reserve Bank of India ('RBI') from time to time. The respective Board of Directors of the companies included in the Group are responsible for 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; the 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 controls, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 consolidated state of affairs of the Group, as at March 31, 2018, their consolidated profit, and their consolidated cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) The other auditors whose reports we have relied upon 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 of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;



- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) 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 and Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of the written representations received from the directors of the Bank as on March 31, 2018 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Bank and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) 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:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group - Refer Schedule 12.I, 18.2.1.14 (a) and 18.2.1.14 (f) to the consolidated financial statements;
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 18.2.1.14 (f) to the consolidated financial statements in respect of such items as it relates to the Group; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank, its subsidiaries, incorporated in India during the year ended March 31, 2018.

#### Other Matter

- (a) The accompanying consolidated financial statements include total assets of Rs.8,628 crores as at March 31, 2018, and total revenues and net cash inflows of Rs.1,464 crores and Rs.112 crores respectively for the year ended on that date, in respect of subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements.

#### For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

#### per Viren H. Mehta

Partner

Membership Number: 048749

Place of Signature: Mumbai

Date: 16 May 2018

## **INDEPENDENT AUDITOR'S REPORT (CONT.)**

### **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AXIS BANK LIMITED**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

##### **To the Members of Axis Bank Limited**

In conjunction with our audit of the consolidated financial statements of Axis Bank Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Axis Bank Limited (hereinafter referred to as the "Bank") and its subsidiary companies, which are companies incorporated in India, as of that date.

##### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Bank, its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act, in so far as they apply to the Bank and Guideline issued by the Reserve Bank of India

##### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

##### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Bank, its subsidiaries, which are companies incorporated in India, has maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

**Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Bank, insofar as it relates to 3 subsidiaries companies which are incorporated in India, is based on the corresponding report of the auditor of such subsidiary incorporated in India.

**For S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Viren H. Mehta**

Partner

Membership Number: 048749

Place of Signature: Mumbai

Date: 16 May 2018



# CONSOLIDATED BALANCE SHEET

## AS AT 31 MARCH, 2018

(₹ in Thousands)

Schedule  
No.

**As at  
31-03-2018**

As at  
31-03-2017


<b>Capital and Liabilities</b>			
Capital	1	5,133,078	4,790,072
Reserves & Surplus	2	636,941,012	559,013,433
Minority Interest	2A	695,129	613,066
Deposits	3	4,556,577,642	4,149,826,752
Borrowings	4	1,557,670,924	1,124,547,615
Other Liabilities and Provisions	5	280,015,886	275,829,172
<b>Total</b>		<b>7,037,033,671</b>	<b>6,114,620,110</b>
<b>Assets</b>			
Cash and Balances with Reserve Bank of India	6	354,810,648	308,579,478
Balances with Banks and Money at Call and Short Notice	7	84,297,483	201,081,701
Investments	8	1,530,367,120	1,290,183,496
Advances	9	4,498,436,451	3,811,646,673
Fixed Assets	10	40,488,204	38,102,336
Other Assets	11	528,633,765	465,026,426
<b>Total</b>		<b>7,037,033,671</b>	<b>6,114,620,110</b>
Contingent Liabilities	12	7,391,397,673	6,731,485,692
Bills for Collection		495,656,026	810,553,648
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  
ICAI Firm Registration Number: 301003E/E300005

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

Samir K. Barua  
Director

S. Vishvanathan  
Director

Rakesh Makhija  
Director

Shikha Sharma  
Managing Director & CEO

Date : 16 May, 2018  
Place: Mumbai

Girish V. Koliyote  
Company Secretary

Jairam Sridharan  
Chief Financial Officer

V. Srinivasan  
Deputy Managing Director

B. Baburao  
Director



## CONSOLIDATED PROFIT & LOSS ACCOUNT

### FOR THE YEAR ENDED 31 MARCH, 2018

	Schedule No.	Year ended 31-03-2018 ▽	(₹ in Thousands) Year ended 31-03-2017
<b>I Income</b>			
Interest earned	13	466,140,592	451,750,929
Other income	14	118,626,154	124,216,034
<b>Total</b>		<b>584,766,746</b>	<b>575,966,963</b>
<b>II Expenditure</b>			
Interest expended	15	276,036,927	267,893,474
Operating expenses	16	147,883,644	127,256,277
Provisions and contingencies	18 (2.1.1)	156,205,947	141,146,907
<b>Total</b>		<b>580,126,518</b>	<b>536,296,658</b>
<b>III Net Profit For The Year</b>		<b>4,640,228</b>	<b>39,670,305</b>
Minority interest		(82,063)	(140,020)
<b>IV Consolidated Net Profit Attributable To Group</b>		<b>4,558,165</b>	<b>39,530,285</b>
Balance in Profit & Loss Account brought forward from previous year		248,815,549	240,026,960
<b>V Amount Available For Appropriation</b>		<b>253,373,714</b>	<b>279,557,245</b>
<b>VI Appropriations:</b>			
Transfer to Statutory Reserve		689,203	9,198,198
Transfer to Reserve Fund u/s 45 IC of RBI Act, 1934		418,800	330,600
Transfer to/(from) Investment Reserve		1,034,894	(871,671)
Transfer to Capital Reserve		1,016,558	7,555,740
Transfer to General Reserve		80,595	68,737
Transfer to/(from) Reserve Fund		16,158	17,522
Dividend paid (includes tax on dividend)	18 (2.1.6)	14,574,034	14,442,570
Balance in Profit & Loss Account carried forward		235,543,472	248,815,549
<b>Total</b>		<b>253,373,714</b>	<b>279,557,245</b>
<b>VII Earnings Per Equity Share</b>	18 (2.1.4)		
(Face value ₹2/- per share) (Rupees)			
Basic		1.86	16.54
Diluted		1.86	16.48
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  
ICAI Firm Registration Number: 301003E/E300005

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

Samir K. Barua  
Director

S. Vishvanathan  
Director

Rakesh Makhija  
Director

Shikha Sharma  
Managing Director & CEO

Date : 16 May, 2018  
Place: Mumbai

Girish V. Koliyote  
Company Secretary

Jairam Sridharan  
Chief Financial Officer

V. Srinivasan  
Deputy Managing Director

B. Baburao  
Director

## CONSOLIDATED CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in Thousands)

**Year ended  
31-03-2018**

Year ended  
31-03-2017


<b>Cash flow from operating activities</b>		
Net profit before taxes	5,576,753	59,398,037
Adjustments for:		
Depreciation on fixed assets	5,905,799	5,266,715
Depreciation on investments	(2,076,781)	2,441,831
Amortisation of premium on Held to Maturity investments	2,853,172	1,401,509
Provision for Non Performing Assets (including bad debts)	166,305,686	111,570,646
Provision on standard assets	(1,243,679)	3,643,427
(Profit)/Loss on sale of fixed assets (net)	167,090	38,846
Provision for country risk	(199,434)	199,434
Provision for restructured assets/strategic debt restructuring	(3,071,587)	2,905,233
Provision on unhedged foreign currency exposure	(93,000)	(138,800)
Provision for other contingencies	(4,433,847)	657,383
	169,690,172	187,384,261
Adjustments for:		
(Increase)/Decrease in investments	(77,302,723)	126,928,387
(Increase)/Decrease in advances	(833,046,826)	(465,397,348)
Increase /(Decrease) in deposits	406,750,890	566,804,821
(Increase)/Decrease in other assets	20,390,878	(102,041,288)
Increase/(Decrease) in other liabilities & provisions	(37,559,206)	61,623,469
Direct taxes paid	(32,826,167)	(53,216,114)
<b>Net cash flow from operating activities</b>	<b>(383,902,982)</b>	<b>322,086,188</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(8,549,837)	(7,737,105)
(Increase)/Decrease in Held to Maturity investments	(88,085,436)	(116,759,648)
Purchase of Freecharge business	(3,954,556)	-
Proceeds from sale of fixed assets	120,499	65,195
<b>Net cash used in investing activities</b>	<b>(100,469,330)</b>	<b>(124,431,558)</b>



(₹ in Thousands)

**Year ended  
31-03-2018**

 Year ended  
31-03-2017


<b>Cash flow from financing activities</b>		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	81,109,364	55,458,748
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	258,473,945	(69,388,454)
Proceeds from issue of share capital	343,006	24,409
Proceeds from share premium (net of share issue expenses)	87,986,544	3,256,270
Payment of dividend	(14,574,034)	(14,442,570)
Increase in minority interest	82,063	222,520
<b>Net cash generated from financing activities</b>	<b>413,420,888</b>	<b>(24,869,077)</b>
Effect of exchange fluctuation translation reserve	(43,096)	(152,465)
Net cash and cash equivalents taken over on acquisition of Freecharge Business	441,472	-
Net increase in cash and cash equivalents	(70,553,048)	172,633,088
Cash and cash equivalents at the beginning of the year	509,661,179	337,028,091
<b>Cash and cash equivalents at the end of the year</b>	<b>439,108,131</b>	<b>509,661,179</b>
<b>Notes to the Cash Flow Statement:</b>		
1. Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	354,810,648	308,579,478
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	84,297,483	201,081,701
<b>Cash and cash equivalents at the end of the year</b>	<b>439,108,131</b>	<b>509,661,179</b>

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

Samir K. Barua  
Director

S. Vishvanathan  
Director

Rakesh Makhija  
Director

Shikha Sharma  
Managing Director & CEO

Date : 16 May, 2018  
Place: Mumbai

Girish V. Koliyote  
Company Secretary

Jairam Sridharan  
Chief Financial Officer

V. Srinivasan  
Deputy Managing Director

B. Baburao  
Director

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

## AS AT 31 MARCH, 2018

### Schedule 1 - Capital

	As at 31-03-2018 ▽	As at 31-03-2017
(₹ in Thousands)		
<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>		
2,566,538,936 (Previous year - 2,395,036,109) Equity Shares of ₹2/- each fully paid-up [refer Schedule 18 (1) (a)]	5,133,078	4,790,072

### Schedule 2 - Reserves and Surplus

	As at 31-03-2018 ▽	As at 31-03-2017
(₹ in Thousands)		
<b>I. Statutory Reserve</b>		
Opening Balance	115,070,523	105,872,325
Additions during the year	689,203	9,198,198
	115,759,726	115,070,523
<b>II. Share Premium Account</b>		
Opening Balance	170,128,129	166,871,859
Additions during the year	88,122,658	3,256,270
Less: Share issue expenses	(136,114)	-
	258,114,673	170,128,129
<b>III. Investment Reserve Account</b>		
Opening Balance	-	871,671
Additions during the year	1,034,894	-
Deductions during the year	-	(871,671)
	1,034,894	-
<b>IV. General Reserve</b>		
Opening Balance	3,863,574	3,794,837
Additions during the year	80,595	68,737
	3,944,169	3,863,574
<b>V. Capital Reserve</b>		
Opening Balance	18,656,395	11,100,655
Additions during the year	1,016,558	7,555,740
	19,672,953	18,656,395
<b>VI. Foreign Currency Translation Reserve</b> [Refer Schedule 17 (4.5)]		
Opening Balance	1,563,747	1,716,212
Additions during the year	-	-
Deductions during the year	(43,096)	(152,465)
	1,520,651	1,563,747
<b>VII. Reserve Fund</b>		
Opening Balance	58,816	41,294
Additions during the year	16,158	17,522
	74,974	58,816
<b>VIII. Reserve Fund u/s 45 IC of RBI Act, 1934</b>		
Opening Balance	856,700	526,100
Additions during the year	418,800	330,600
	1,275,500	856,700
<b>IX. Balance in Profit &amp; Loss Account</b>		
Total	235,543,472	248,815,549
	636,941,012	559,013,433



## Schedule 2A - Minority Interest

	As at 31-03-2018 ▽	(₹ in Thousands) As at 31-03-2017
<b>I. Minority Interest</b>		
Opening Balance	613,066	390,546
Increase during the year	82,063	222,520
Closing Minority Interest	695,129	613,066

## Schedule 3 - Deposits

	As at 31-03-2018 ▽	(₹ in Thousands) As at 31-03-2017
<b>A. I. Demand Deposits</b>		
(i) From banks	58,788,628	47,922,195
(ii) From others	896,457,745	817,318,279
<b>II. Savings Bank Deposits</b>	1,482,021,884	1,260,484,706
<b>III. Term Deposits</b>		
(i) From banks	125,623,957	112,242,565
(ii) From others	1,993,685,428	1,911,859,007
<b>Total</b>	4,556,577,642	4,149,826,752
<b>B. I. Deposits of branches in India</b>	4,509,338,193	4,100,577,380
<b>II. Deposits of branches/subsidiaries outside India</b>	47,239,449	49,249,372
<b>Total</b>	4,556,577,642	4,149,826,752

## Schedule 4 - Borrowings

	As at 31-03-2018 ▽	(₹ in Thousands) As at 31-03-2017
<b>I. Borrowings in India</b>		
(i) Reserve Bank of India	61,000,000	-
(ii) Other banks <sup>#</sup>	25,850,612	39,285,727
(iii) Other institutions & agencies <sup>**</sup>	720,233,294	513,644,605
<b>II. Borrowings outside India<sup>\$</sup></b>	750,587,018	571,617,283
<b>Total</b>	1,557,670,924	1,124,547,615
Secured borrowings included in I & II above	90,657,346	30,134,771

<sup>#</sup> Borrowings from other banks include Subordinated Debt of ₹35.60 crores (previous year ₹35.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹50.00 crores (previous year Nil) [Also refer Note 18 (2.1.2)]

<sup>\*\*</sup> Borrowings from other institutions & agencies include Subordinated Debt of ₹21,669.40 crores (previous year ₹16,370.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹6,950.00 crores (previous year ₹3,500.00 crores) [Also refer Note 18 (2.1.2)]

<sup>\$</sup> Borrowings outside India include Upper Tier II instruments of Nil (previous year ₹389.06 crores) [Also refer Note 18 (2.1.2)]

## Schedule 5 - Other Liabilities and Provisions

	As at 31-03-2018 ▽	(₹ in Thousands) As at 31-03-2017
I. Bills payable	49,175,679	39,525,430
II. Inter-office adjustments (net)	-	-
III. Interest accrued	32,174,199	20,893,390
IV. Proposed dividend (includes tax on dividend) [Refer Schedule 18 (2.1.6)]	-	-
V. Contingent provision against standard assets	22,482,485	23,678,835
VI. Others (including provisions)	176,183,523	191,731,517
<b>Total</b>	<b>280,015,886</b>	<b>275,829,172</b>

## Schedule 6 - Cash and Balances with Reserve Bank of India

	As at 31-03-2018 ▽	(₹ in Thousands) As at 31-03-2017
I. Cash in hand (including foreign currency notes)	52,580,423	63,579,242
II. Balances with Reserve Bank of India:		
(i) in Current Account	208,230,225	183,000,236
(ii) in Other Accounts	94,000,000	62,000,000
<b>Total</b>	<b>354,810,648</b>	<b>308,579,478</b>

## Schedule 7 - Balances with Banks and Money at Call and Short Notice

	As at 31-03-2018 ▽	(₹ in Thousands) As at 31-03-2017
I. In India		
(i) Balance with Banks		
(a) in Current Accounts	1,313,367	2,250,573
(b) in Other Deposit Accounts	33,925,743	21,371,450
(ii) Money at Call and Short Notice		
(a) With banks	-	-
(b) With other institutions	-	143,221,546
<b>Total</b>	<b>35,239,110</b>	<b>166,843,569</b>
II. Outside India		
(i) in Current Accounts	24,898,340	12,531,206
(ii) in Other Deposit Accounts	8,409,416	14,755,151
(iii) Money at Call & Short Notice	15,750,617	6,951,775
<b>Total</b>	<b>49,058,373</b>	<b>34,238,132</b>
<b>Grand Total (I+II)</b>	<b>84,297,483</b>	<b>201,081,701</b>





## Schedule 8 - Investments

	As at 31-03-2018 ▽	(₹ in Thousands) As at 31-03-2017
<b>I. Investments in India in -</b>		
(i) Government Securities <sup>##</sup>	1,013,546,179	905,980,625
(ii) Other approved securities	-	-
(iii) Shares	15,255,309	13,228,030
(iv) Debentures and Bonds	306,537,689	265,277,040
(v) Investment in Joint Ventures	-	-
(vi) Others (Mutual Fund units, CD/CP, PTC etc.)	156,958,643	69,969,442
<b>Total Investments in India</b>	<b>1,492,297,820</b>	<b>1,254,455,137</b>
<b>II. Investments outside India in -</b>		
(i) Government Securities (including local authorities)	29,224,533	26,340,917
(ii) Subsidiaries and/or joint ventures abroad	-	-
(iii) Others (Equity Shares and Bonds)	8,844,767	9,387,442
<b>Total Investments outside India</b>	<b>38,069,300</b>	<b>35,728,359</b>
<b>Grand Total (I+II)</b>	<b>1,530,367,120</b>	<b>1,290,183,496</b>

<sup>##</sup> Includes securities costing ₹27,588.43 crores (previous year ₹27,179.69 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

## Schedule 9 - Advances

	As at 31-03-2018 ▽	(₹ in Thousands) As at 31-03-2017
<b>A. (i) Bills purchased and discounted</b>	<b>128,131,247</b>	<b>67,496,591</b>
(ii) Cash credits, overdrafts and loans repayable on demand	1,374,894,067	1,043,804,891
(iii) Term loans <sup>#</sup>	2,995,411,137	2,700,345,191
<b>Total</b>	<b>4,498,436,451</b>	<b>3,811,646,673</b>
<b>B. (i) Secured by tangible assets<sup>\$</sup></b>	<b>3,196,305,855</b>	<b>2,913,893,698</b>
(ii) Covered by Bank/Government Guarantees <sup>&amp;&amp;</sup>	40,004,436	66,920,973
(iii) Unsecured	1,262,126,160	830,832,002
<b>Total</b>	<b>4,498,436,451</b>	<b>3,811,646,673</b>
<b>C. I. Advances in India</b>		
(i) Priority Sector	986,081,073	938,737,979
(ii) Public Sector	48,271,057	29,134,862
(iii) Banks	30,575,770	5,612,644
(iv) Others	2,851,146,051	2,317,656,723
<b>Total</b>	<b>3,916,073,951</b>	<b>3,291,142,208</b>
<b>II. Advances Outside India</b>		
(i) Due from banks	78,991,174	26,861,261
(ii) Due from others -		
(a) Bills purchased and discounted	32,721,313	25,448,317
(b) Syndicated loans	89,146,565	103,681,545
(c) Others	381,503,448	364,513,342
<b>Total</b>	<b>582,362,500</b>	<b>520,504,465</b>
<b>Grand Total [CI+CII]</b>	<b>4,498,436,451</b>	<b>3,811,646,673</b>

<sup>#</sup> Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹1,399.00 crores (previous year Nil), includes lending under IBPC ₹1,303.32 crores (previous year Nil)

<sup>\$</sup> Includes advances against book debts

<sup>&&</sup> Includes advances against L/Cs issued by banks

## Schedule 10 - Fixed Assets

	As at 31-03-2018 ▽	As at 31-03-2017
(₹ in Thousands)		
<b>I. Premises</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	18,331,432	18,289,915
Additions during the year	-	41,517
Deductions during the year	-	-
<b>Total</b>	<b>18,331,432</b>	<b>18,331,432</b>
<b>Depreciation</b>		
As at the beginning of the year	1,165,371	860,688
Charge for the year	304,680	304,683
Deductions during the year	-	-
Depreciation to date	1,470,051	1,165,371
<b>Net Block</b>	<b>16,861,381</b>	<b>17,166,061</b>
<b>II. Other fixed assets (including furniture &amp; fixtures)</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	47,067,750	40,692,916
Additions on acquisition	100,697	-
Additions during the year	7,947,792	6,933,777
Deductions during the year	(1,204,850)	(558,943)
<b>Total</b>	<b>53,911,389</b>	<b>47,067,750</b>
<b>Depreciation</b>		
As at the beginning of the year	29,052,426	24,543,452
Additions on acquisition	54,155	-
Charge for the year	5,601,119	4,962,032
Deductions during the year	(905,216)	(453,058)
Depreciation to date	33,802,484	29,052,426
<b>Net Block</b>	<b>20,108,905</b>	<b>18,015,324</b>
<b>III. Capital Work-in-Progress (including capital advances)</b>	<b>3,517,918</b>	<b>2,920,951</b>
<b>Grand Total (I+II+III)</b>	<b>40,488,204</b>	<b>38,102,336</b>

## Schedule 11 - Other Assets

	As at 31-03-2018 ▽	As at 31-03-2017
(₹ in Thousands)		
<b>I. Inter-office adjustments (net)</b>	<b>-</b>	<b>-</b>
<b>II. Interest Accrued</b>	<b>56,936,207</b>	<b>52,743,566</b>
<b>III. Tax paid in advance/tax deducted at source (net of provisions)</b>	<b>18,590,140</b>	<b>5,279,496</b>
<b>IV. Stationery and stamps</b>	<b>3,829</b>	<b>19,790</b>
<b>V. Non banking assets acquired in satisfaction of claims</b>	<b>22,086,151</b>	<b>22,086,151</b>
<b>VI. Others #@\$</b>	<b>431,017,438</b>	<b>384,897,423</b>
<b>Total</b>	<b>528,633,765</b>	<b>465,026,426</b>

# Includes deferred tax assets of ₹6,911.32 crores (previous year ₹5,071.86 crores) [Refer Schedule 18 (2.1.1)]

@ Includes Priority Sector Shortfall Deposits of ₹21,479.30 crores (previous year ₹17,107.12 crores)

\$ Includes goodwill on consolidation of ₹293.01 crores (previous year Nil) [Refer Schedule 18 (1) (b)]



## Schedule 12 - Contingent Liabilities

		(₹ in Thousands)	
		As at <b>31-03-2018</b>	As at 31-03-2017
		▽	
I.	Claims against the Group not acknowledged as debts	5,219,729	4,753,308
II.	Liability for partly paid investments	216,000	-
III.	Liability on account of outstanding forward exchange and derivative contracts :		
a)	Forward Contracts	3,148,018,991	2,681,952,184
b)	Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	1,991,159,249	2,031,704,307
c)	Foreign Currency Options	593,425,899	493,833,247
	<b>Total (a+b+c)</b>	<b>5,732,604,139</b>	<b>5,207,489,738</b>
IV.	Guarantees given on behalf of constituents		
	In India	762,933,313	763,736,463
	Outside India	86,944,398	47,592,829
V.	Acceptances, endorsements and other obligations	324,145,235	335,475,904
VI.	Other items for which the Group is contingently liable	479,334,859	372,437,450
	<b>Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.1.14)]</b>	<b>7,391,397,673</b>	<b>6,731,485,692</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2018

### Schedule 13 - Interest Earned

	Year ended 31-03-2018 ▽	(₹ in Thousands) Year ended 31-03-2017
I. Interest/discount on advances/bills	349,097,316	336,946,444
II. Income on investments	100,199,824	96,749,715
III. Interest on balances with Reserve Bank of India and other inter-bank funds	3,910,598	5,057,855
IV. Others	12,932,854	12,996,915
<b>Total</b>	<b>466,140,592</b>	<b>451,750,929</b>

### Schedule 14 - Other Income

	Year ended 31-03-2018 ▽	(₹ in Thousands) Year ended 31-03-2017
I. Commission, exchange and brokerage	87,962,084	78,897,946
II. Profit/(Loss) on sale of investments (net)	13,648,999	32,285,565
III. Profit/(Loss) on sale of fixed assets (net)	(167,089)	(38,846)
IV. Profit on exchange/derivative transactions (net)	14,636,525	10,890,953
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 ₹182.92 crores (previous year ₹181.89 crores) and profit on account of portfolio sell downs/securitisation ₹20.50 crores (previous year net profit of ₹3.79 crores)]	2,545,635	2,180,416
<b>Total</b>	<b>118,626,154</b>	<b>124,216,034</b>

### Schedule 15 - Interest Expended

	Year ended 31-03-2018 ▽	(₹ in Thousands) Year ended 31-03-2017
I. Interest on deposits	191,943,949	196,406,526
II. Interest on Reserve Bank of India/Inter-bank borrowings	18,600,259	18,800,730
III. Others	65,492,719	52,686,218
<b>Total</b>	<b>276,036,927</b>	<b>267,893,474</b>

### Schedule 16 - Operating Expenses

	Year ended 31-03-2018 ▽	(₹ in Thousands) Year ended 31-03-2017
I. Payments to and provisions for employees	54,144,397	47,420,971
II. Rent, taxes and lighting	10,342,353	9,599,482
III. Printing and stationery	1,694,433	1,895,987
IV. Advertisement and publicity	1,663,688	1,411,326
V. Depreciation on Group's property	5,905,799	5,266,715
VI. Directors' fees, allowance and expenses	35,374	33,774
VII. Auditors' fees and expenses	30,140	27,710
VIII. Law charges	201,921	110,127
IX. Postage, telegrams, telephones etc.	3,286,013	3,197,397
X. Repairs and maintenance	8,780,643	8,805,331
XI. Insurance	5,544,398	5,022,726
XII. Other expenditure	56,254,485	44,464,731
<b>Total</b>	<b>147,883,644</b>	<b>127,256,277</b>



# 17 SIGNIFICANT ACCOUNTING POLICIES

## FOR THE YEAR ENDED 31 MARCH, 2018

### 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 has overseas branches at Singapore, Hong Kong, DIFC - Dubai, Shanghai and Colombo. During the year, the Bank opened an Offshore Banking Unit at International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

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 and the Companies (Accounting Standards) Amendment Rules, 2016 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.

### 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 and the Companies (Accounting Standards) Amendment Rules, 2016 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:

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%
Freecharge Payment Technologies Pvt. Ltd.	Subsidiary	India	100.00%
Accelyst Solutions Pvt. Ltd.	Subsidiary	India	100.00%
A.Treds Ltd.	Subsidiary	India	67.00%
Axis Bank UK Ltd.	Subsidiary	U.K.	100.00%
Axis Capital USA LLC	Step down subsidiary	USA	100.00%

c) The audited financial statements of the above subsidiaries and the unaudited financial statements of the step down subsidiary have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2018.

d) Axis Securities Europe Ltd., a wholly owned subsidiary of the Bank, has been liquidated during the year ended 31 March, 2018.

e) Axis Private Equity Ltd., is in the process of amalgamation with Axis Finance Ltd. and has submitted application for amalgamation before the National Company Law Tribunal on 13 October, 2017.

f) On 27 March, 2018, the Board of Directors of Accelyst Solutions Pvt. Ltd ('ASPL') and Freecharge Payment Technologies Pvt. Ltd. ('FCPTL') approved a scheme for amalgamation of ASPL into and with FCPTL. ASPL and FCPTL have submitted applications for amalgamation before the National Company Law Tribunal. The appointed date for amalgamation is 7 October, 2017 and the effect of merger will be given on this date.

### 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 (including contingent liabilities) at the date of the financial statements, revenues and expenses during the reporting period. 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')/ Financial Benchmark India Private Limited ('FBIL'), 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 depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. The book value of individual securities is not changed consequent to the periodic valuation of investments. Non-performing investments are identified and provision is made thereon as per RBI guidelines. 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:



- the market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is computed as per the Yield-to-Maturity ('YTM') rates published by FIMMDA/ FBIL
- 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/FBIL 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/FBIL 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 August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines and
- In case investments in security receipts on or after 1 April, 2017 which are backed by more than 50 percent of the stressed assets sold by the Bank, provision for depreciation in value is made at the is higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/Securitisation Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank. All other investments in security receipts are valued as per the NAV obtained from the issuing RC/SCs.

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. Realised gains/losses on investments under the AFS and HFT category 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.

#### **Repurchase and reverse repurchase transactions**

Repurchase and reverse repurchase transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

#### **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 and netted off from investments in the Balance Sheet. 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 are initially recognised at cost which comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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 bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs, provisions in lieu of diminution in the fair value of restructured assets and floating provisions.

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. 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. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time.

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.

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

The Bank holds provision in accordance with the RBI guidelines, on assets where change in ownership under Strategic Debt Restructuring (SDR) scheme/Outside SDR scheme has been implemented or Scheme for Sustainable Structuring of Stressed Asset (S4A) has been implemented. In respect of borrowers classified as non-cooperative and willful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

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 against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans based on actuarial valuation conducted by an independent actuary. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

### Axis Finance 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. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made at rates as prescribed by the RBI.

Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Provision on Standard Assets i.e. loans and advances is made at 0.40%.



### 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 net funded exposure of the Bank in respect of each country does not exceed 1% of the total assets, no provision is maintained on such country exposure in accordance with RBI guidelines.

### 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 and the Companies (Accounting Standards) Amendment Rules, 2016.

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 exchange rates notified by FEDAI at the Balance Sheet date.
- 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 on such disposal 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 (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis. 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. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive 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 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, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines except in the case of interest income on non-performing assets and loans under Strategic Debt Restructuring (SDR) scheme and Scheme for Sustainable Structuring of Stressed Asset (S4A) of RBI, where it is recognised on receipt basis if overdue for more than 90 days. Income on non-coupon bearing or low-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant yield basis.

Guarantee commission is recognised on a pro-rata basis over the period of the guarantee. Locker rent and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Arrangements/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due.

Interest income on investments in PTCs is recognized on a constant yield basis.

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.

Fees paid/received for Priority Sector Lending Certificates ('PSLC') is amortised on straight-line basis over the tenor of the certificate.

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.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

### 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 Trustee Services Limited

Annual Fees for trusteeship services and servicing 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.

Advisory service fees on family office service are recognised as and when the activities defined in the accepted offer letter are completed.

#### 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.

Management fees from Portfolio Management Services, Alternate Investment Fund and Investment advisory fees-offshore are recognized on an accrual basis as per the terms of the contract with the customers.

#### 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 subscription 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.

#### A.Treds Ltd.

Onboarding Fee is one time fee and is recognized at the time of onboarding of Buyer, Seller or financier. Transaction fee is recurring in nature and is recognised on time proportion basis over the period of tenure of transaction.

#### Freecharge Payment Technologies Private Ltd.

##### Revenue from commission income

Merchant Discount Rate (MDR) Revenue from wallet transaction is recognised on the basis of successful pay-out of wallet usage to the respective merchants. The transactions are settled on a daily basis with the merchant, net of MDR revenue. The taxes (Service tax / GST) collected on behalf of the government are not economic benefits flowing to the Company, hence, excluded from revenue.

##### Revenue from payment and storage service

The revenue from payment & storage service is recognised for providing PG aggregation service and as a payments platform for transactions of the merchant executed through payment gateway. The Company collects revenue on the basis of the payment gateway transactions routed through its payment platform on a monthly basis.

##### Other operating revenue

Revenues from ancillary activities like convenience fee, commission income etc, are recognised upon rendering of services.

#### Accelyst Solutions Private Ltd.

##### Revenue from commission income

Revenues from operating an internet portal providing recharge and bill payment services is recognised upon successful recharge / payment confirmation for the transactions executed. The taxes collected by company on behalf of the government are not economic benefits flowing to the Company, hence, excluded from revenue.

##### Other operating revenue

Revenues from ancillary activities e.g. freefund code generation fees, convenience fee, sale of coupons and vendor's application installation etc. is recognised upon rendering of services. Upon expiry of validity of freefund codes sold by company, income is recognised to the extent of value of such codes.

## 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.

Brokerage paid on certain PMS products are amortised over the exit load period. Unamortised portion of brokerage is carried forward as prepaid expenses.

Brokerage paid on Alternate Investment Fund schemes is amortized over the minimum tenure of the scheme. The unamortized portion of the brokerage is carried forward as prepaid expense.

## 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 initial handling and delivery charges, 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 over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets based on historical experience of the Group, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

Asset	Estimated useful life
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

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 (net of taxes and transfer to statutory reserve) in accordance with RBI instructions.

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.

#### 4.10 Non-banking assets

Non-banking assets ('NBAs') acquired in satisfaction of claims are carried at lower of net book value and net realizable value.

#### 4.11 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.

#### 4.12 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 using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

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

#### **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**

The Group provides for 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.

#### New Pension Scheme ('NPS')

##### **Group**

In respect of employees who opt for contribution to the 'NPS', the Group contributes certain percentage of the total basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue.

### **4.13 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.

### **4.14 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.

### **4.15 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 relevant provisions of Income tax Act, 1961. In case of overseas subsidiary the local tax laws prevailing in that country are followed. Deferred income taxes reflect 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 assets against liabilities representing current tax 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.

#### 4.16 Share issue expenses

##### Group

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

#### 4.17 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 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 except where the results are anti-dilutive.

#### 4.18 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, if any, 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.

#### 4.19 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.

#### 4.20 Cash and cash equivalents

##### Group

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

## 18 NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH, 2018

- 1 a) During the year, the Bank raised additional equity capital through a preferential allotment of 165,328,892 shares at a price of ₹525.00 per share. As a consequence, the paid-up share capital of the Bank has increased by ₹33.07 crores and the reserves of the Bank have increased by ₹8,620.73 crores after charging of issue related expenses. Further, the Bank also allotted 45,357,385 convertible warrants carrying a right to the convertible warrant holder to apply for, get issued and allotted one (1) equity share of the Bank of face value ₹2 each, for cash, at a price of ₹565.00 per share against which the Bank has received an amount of ₹640.67 crores upfront representing 25% of the warrant price. The convertible warrants are exercisable upto 18 months from the date of allotment. The funds mobilised from the equity raising were utilised for enhancing the capital adequacy ratio and for general corporate purposes.
- b) Pursuant to approval from the Board of Directors of the Bank accorded on 26 July, 2017, the Bank had entered into an agreement with Jasper Infotech Pvt. Ltd. to acquire 100% stake in its subsidiaries viz. Accelyst Solutions Pvt. Ltd. (ASPL) and Freecharge Payment Technologies Pvt. Ltd. (FPTL), which together constitute the digital payments business under the "Freecharge" brand. Post receipt of RBI approval for the arrangement, the Bank acquired 100% stake in ASPL and FPTL on 6 October, 2017, at an aggregate cash consideration of ₹395.46 crores and consequently the said companies have become wholly owned subsidiaries of the Bank.

Upon consolidation of these subsidiaries in the consolidated financial statements, the excess of cost of acquisition of the subsidiaries over the Group's share in the network of these subsidiaries as on acquisition date has been recorded as goodwill on consolidation, amounting to ₹293.01 crores.

## 2 Other Disclosures

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

For the year ended	31 March, 2018	
	(₹ in crores)	31 March, 2017
	▽	
Provision for income tax		
- Current tax	1,951.55	5,188.84
- Deferred tax (Refer 2.1.1.1)	(1,849.69)	(3,202.06)
	101.86	1,986.78
Provision for non-performing assets (including bad debts written off and write backs)	16,630.57	11,157.06
Provision for restructured assets/strategic debt restructuring/ sustainable structuring	(307.16)	290.53
Provision towards standard assets	(124.37)	364.34
Provision for depreciation in value of investments	(207.67)	244.18
Provision for unhedged foreign currency exposure	(9.30)	(13.88)
Provision for country risk	(19.94)	19.94
Provision for other contingencies*	(443.39)	65.74
<b>Total</b>	<b>15,620.60</b>	<b>14,114.69</b>

\* includes contingent provision for advances/other exposures, legal cases and other contingencies

2.1.2 During the year ended 31 March, 2018, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	15 June, 2027	120 months	7.66%	₹5,000 crores
Perpetual debt	Additional Tier I	-*	-	8.75%	₹3,500 crores

\*Call option on expiry of 60 months from the date of allotment



During the year ended 31 March, 2017, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Perpetual debt	Additional Tier-I	-*	-	8.75%	₹3,500 crores
Subordinated debt	Tier-II	27 May, 2026	120 months	8.50%	₹2,430 crores
Subordinated debt	Tier-II	23 November, 2026	120 months	7.84%	₹1,800 crores

\*Call option on expiry of 60 months from the date of allotment

During the year ended 31 March, 2018, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Upper Tier-II	Tier-II	28 June, 2017*	180 months	7.125%	\$60 million

\* represents call date

During the year ended 31 March, 2017, the Bank redeemed debt instruments eligible for Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	28 June, 2016	120 months	9.10%	₹104.90 crores
Upper Tier-II	Tier-II	11 August, 2016*	180 months	7.25%	\$150 million
Perpetual debt	Tier-I	30 September, 2016*	-	10.05%	₹214.00 crores
Perpetual debt	Tier-I	16 November, 2016*	-	7.17%	\$46 million
Upper Tier-II	Tier-II	24 November, 2016*	180 months	9.35%	₹200.00 crores
Upper Tier-II	Tier-II	6 February, 2017*	180 months	9.50%	₹107.50 crores
Subordinated debt	Tier-II	30 March, 2017	120 months	10.10%	₹250.90 crores

\* represents call date

### 2.1.3 Divergence in Asset Classification and Provisioning for NPAs

- The Bank classifies advances into performing and non-performing advances (NPAs) as per the RBI guidelines. NPAs are identified and provided for based on RBI's Prudential Norms on Income Recognition, Asset Classification and Provisioning.
- Based on application of RBI's prudential norms as stated above, the Bank classified and made the prescribed provisions against the NPAs as at the end of 31 March, 2017.
- As part of its Risk Based Supervision exercise for FY 2016-17, the RBI pointed out certain modifications in the Banks' asset classification and provisioning as detailed in the table below:

Sr. No.	Particulars	(₹ in crores)
1	Gross NPAs as on 31 March, 2017, as reported by the Bank	21,280.48
2	Gross NPAs as on 31 March, 2017, as assessed by RBI	26,913.28
3	<b>Divergence in Gross NPAs (2-1)</b>	<b>5,632.80</b>
4	Net NPAs as on 31 March, 2017, as reported by the Bank	8,626.55
5	Net NPAs as on 31 March, 2017, as assessed by RBI	12,943.65
6	<b>Divergence in Net NPAs (5-4)</b>	<b>4,317.10</b>
7	Provisions for NPAs as on 31 March, 2017, as reported by the Bank	12,205.72
8	Provisions for NPAs as on 31 March, 2017, as assessed by RBI	13,521.42
9	<b>Divergence in provisioning (8-7)</b>	<b>1,315.70</b>
10	<b>Reported Net Profit after Tax (PAT) for the year ended 31 March, 2017</b>	<b>3,679.28</b>
11	<b>Adjusted (notional) Net Profit after Tax (PAT) for the year ended 31 March, 2017 after taking into account the divergence in provisioning</b>	<b>2,793.95</b>

- The Bank has duly considered the impact of the above in the Financial Statements for the year ended 31 March, 2018.

## 2.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March, 2018 ▽	31 March, 2017
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	455.82	3,953.03
Basic weighted average no. of shares (in crores)	244.51	238.93
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	0.75	0.94
Diluted weighted average no. of shares (in crores)	245.26	239.87
Basic EPS (₹)	1.86	16.54
Diluted EPS (₹)	1.86	16.48
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 7,517,504 (previous year 9,429,479) 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.

246,272,950 options have been granted under the Scheme till the previous year ended 31 March, 2017.

On 15 May, 2017, the Bank granted 6,885,700 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/subsidiary companies at a price of ₹503.00 per option.

Stock option activity under the Scheme for the year ended 31 March, 2018 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	29,711,124	217.33 to 535.00	383.16	3.98
Granted during the year	6,885,750	503.00	503.00	-
Forfeited during the year	(810,120)	306.54 to 535.00	470.15	-
Expired during the year	(57,910)	217.33 to 289.51	275.32	-
Exercised during the year	(6,173,935)	217.33 to 535.00	270.47	-
Outstanding at the end of the year	29,554,909	217.33 to 535.00	432.45	4.22
Exercisable at the end of the year	16,062,159	217.33 to 535.00	378.40	2.85

The weighted average share price in respect of options exercised during the year was ₹524.51.



Stock option activity under the Scheme for the year ended 31 March, 2017 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	35,527,310	217.33 to 535.00	327.56	3.33
Granted during the year	7,153,000	469.90	469.90	-
Forfeited during the year	(690,050)	217.33 to 535.00	455.72	-
Expired during the year	(74,853)	217.33 to 289.51	257.56	-
Exercised during the year	(12,204,283)	217.33 to 535.00	268.81	-
Outstanding at the end of the year	29,711,124	217.33 to 535.00	383.16	3.98
Exercisable at the end of the year	15,934,524	217.33 to 535.00	319.45	2.41

The weighted average share price in respect of options exercised during the year was ₹507.67.

#### 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, 2018 ▽	31 March, 2017
Net Profit (as reported) (₹ in crores)	455.82	3,953.03
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)	(102.86)	(101.47)
<b>Net Profit (Proforma) (₹ in crores)</b>	<b>352.96</b>	<b>3,851.56</b>
<b>Earnings per share: Basic (in ₹)</b>		
As reported	1.86	16.54
Proforma	1.44	16.12
<b>Earnings per share: Diluted (in ₹)</b>		
As reported	1.86	16.48
Proforma	1.44	16.06

During the years ended, 31 March, 2018 and 31 March, 2017, no cost has been incurred by the Bank on ESOPs issued to the employees of the Bank and employees of subsidiaries under the intrinsic value method.

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, 2018 ▽	31 March, 2017
Dividend yield	1.16%	1.29%
Expected life	2.57-4.57 years	2.57-4.57 years
Risk free interest rate	6.55% to 6.82%	7.15% to 7.39%
Volatility	31.80% to 33.56%	32.92% to 35.75%

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, 2018 is ₹155.53 (previous year ₹153.66).

## 2.1.6 Proposed Dividend

After making mandatory appropriations to Statutory Reserve, Investment Reserve, Reserve Fund and Capital Reserve, no profits are available for distribution as dividend for the year ended 31 March, 2018. Accordingly, no dividend has been recommended by the Board of Directors for the year ended 31 March, 2018.

Dividend paid during the year, represents dividend (₹5 per equity share) for the year ended 31 March, 2017 paid pursuant to approval of shareholders at Annual General Meeting held on 26 July, 2017.

## 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.
Unallocated assets and liabilities	All items which are reckoned at an enterprise level are classified under this segment such as deferred tax, money received against share warrants, tax paid in advance net of provision etc.

Business segments in respect of operations of the 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, 2018				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	11,858.83	15,398.90	19,356.33	-	46,614.06
Other income	2,867.70	3,365.49	4,196.21	1,433.22	11,862.62



(₹ in crores)

31 March, 2018



	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Total income as per Profit and Loss Account	14,726.53	18,764.39	23,552.54	1,433.22	58,476.68
Add/(less) inter segment interest income	49,386.08	5,402.38	17,298.22	-	72,086.68
Total segment revenue	64,112.61	24,166.77	40,850.76	1,433.22	130,563.36
Less: Interest expense (external customers)	13,375.62	1,155.22	13,072.85	-	27,603.69
Less: Inter segment interest expense	45,761.40	12,352.62	13,972.08	0.58	72,086.68
Less: Operating expenses	393.83	4,004.78	9,941.65	448.10	14,788.36
Operating profit	4,581.76	6,654.15	3,864.18	984.54	16,084.63
Less: Provision for non-performing assets/ others*	1,763.26	11,894.90	1,860.58	-	15,518.74
Segment result	2,818.50	(5,240.75)	2,003.60	984.54	565.89
Less: Provision for tax					101.86
Net Profit before minority interest and earnings from Associate					464.03
Less: Minority Interest					8.21
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					455.82
Segment assets	227,258.49	236,010.17	230,592.20	813.36	694,674.22
Unallocated assets					9,029.15
Total assets					703,703.37
Segment liabilities	234,071.37	138,435.00	265,852.74	195.25	638,554.36
Unallocated liabilities <sup>(1)</sup>					941.60
Total liabilities					639,495.96
Net assets	(6,812.88)	97,575.17	(35,260.54)	618.11	64,207.41
Capital Expenditure for the year	16.70	235.20	523.89	18.99	794.78
Depreciation on fixed assets for the year	11.90	173.05	389.98	15.65	590.58

<sup>(1)</sup> Includes minority interest of ₹69.51 crores

\* represents material non-cash items other than depreciation

(₹ in crores)

31 March, 2017

	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	11,684.45	16,364.82	17,125.82	-	45,175.09
Other income	4,467.90	3,421.50	3,239.84	1,292.36	12,421.60
Total income as per Profit and Loss Account	16,152.35	19,786.32	20,365.66	1,292.36	57,596.69
Add/(less) inter segment interest income	48,713.22	5,358.37	18,029.89	-	72,101.48
Total segment revenue	64,865.57	25,144.69	38,395.55	1,292.36	129,698.17
Less: Interest expense (external customers)	12,531.94	949.39	13,308.00	0.01	26,789.34
Less: Inter segment interest expense	47,974.47	11,937.93	12,188.50	0.58	72,101.48
Less: Operating expenses	465.33	3,521.52	8,398.30	340.48	12,725.63
Operating profit	3,893.83	8,735.85	4,500.75	951.29	18,081.72
Less: Provision for non-performing assets/ others*	1,228.96	10,057.64	841.32	-	12,127.92
Segment result	2,664.87	(1,321.79)	3,659.43	951.29	5,953.80
Less: Provision for tax					1,986.77



(₹ in crores)

31 March, 2017

	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Net Profit before minority interest and earnings from Associate					3,967.03
Less: Minority Interest					14.00
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>3,953.03</b>
Segment assets	209,880.80	207,804.80	187,276.45	782.46	605,744.51
Unallocated assets					5,717.50
<b>Total assets</b>					<b>611,462.01</b>
Segment liabilities	198,146.86	123,007.05	233,695.38	153.95	555,003.24
Unallocated liabilities <sup>(1)</sup>					78.42
<b>Total liabilities</b>					<b>555,081.66</b>
<b>Net assets</b>	<b>11,733.94</b>	<b>84,797.75</b>	<b>(46,418.93)</b>	<b>628.51</b>	<b>56,380.35</b>
Capital Expenditure for the year	26.76	215.57	436.60	18.60	697.53
Depreciation on fixed assets for the year	20.84	166.08	325.46	14.29	526.67

<sup>(1)</sup> Includes minority interest of ₹61.31 crores

\* represents material non-cash items other than depreciation

### Geographic Segments

(₹ in crores)

Particulars	<b>Domestic</b>		<b>International</b>		<b>Total</b>	
	<b>31 March, 2018</b>	31 March, 2017	<b>31 March, 2018</b>	31 March, 2017	<b>31 March, 2018</b>	31 March, 2017
	▽		▽		▽	
Revenue	55,799.56	54,750.01	2,677.12	2,848.68	58,476.68	57,596.69
Assets	635,920.35	551,877.12	67,783.02	59,584.89	703,703.37	611,462.01
Capital Expenditure for the year	785.35	696.65	9.43	0.88	794.78	697.53
Depreciation on fixed assets for the year	585.77	521.32	4.81	5.35	590.58	526.67

### 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

- Ms. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. V. Srinivasan (Deputy Managing Director)
- Mr. Rajiv Anand [Executive Director (Retail Banking)]
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)]



### c) Relatives of Key Management Personnel

Mr. Sanjaya Sharma, Ms. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Ms. Gayathri Srinivasan, Mr. V. Satish, Ms. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Ms. Mallika Dahiya, Ms. Jal Medha, Ms. Pooja Rathi, Mr. Jai Prakash Dahiya.

The details of transactions of the Bank with its related parties during the year ended 31 March, 2018 are given below:

Items/Related Party	(₹ in crores)			Total
	Promoters	Key Management Personnel	Relatives of Key Management Personnel	
Dividend paid	343.52	1.08	-	344.60
Interest paid	545.58	0.22	0.19	545.99
Interest received	0.02	0.77	-	0.79
Investment in non-equity instrument of related party	393.00	-	-	393.00
Investment of related party in the Bank	1,200.00	33.75	-	1,233.75
Investment of related party in Hybrid capital/Bonds of the Bank	-	-	-	-
Redemption of Hybrid capital/Bonds of the Bank	-	-	-	-
Purchase of investments	188.69	-	-	188.69
Sale of investments	868.73	1.12	-	869.85
Management contracts	-	12.18	-	12.18
Contribution to employee benefit fund	16.16	-	-	16.16
Placement of deposits	0.05	-	-	0.05
Non-funded commitments (issued)	0.20	-	-	0.20
Advance granted (net)	-	7.99	-	7.99
Advance repaid	6.50	0.04	-	6.54
Receiving of services	105.28	-	-	105.28
Rendering of services	17.42	0.05	-	17.47
Sale of foreign exchange currency to related party	-	1.29	-	1.29
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.75	-	-	0.75

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2018 are given below:

Items/Related Party	(₹ in crores)			Total
	Promoters	Key Management Personnel	Relatives of Key Management Personnel	
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	6,213.80	4.33	3.46	6,221.59
Placement of deposits	0.43	-	-	0.43
Advances	7.07	18.31	0.04	25.42
Investment in non-equity instruments of related party	205.70	-	-	205.70
Investment of related party in the Bank	135.29	0.50	-	135.79
Non-funded commitments	3.35	-	-	3.35
Investment of related party in Hybrid capital/ Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	3.70	-	3.70
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, 2018 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	10,153.25	17.12	5.78	10,176.15
Placement of deposits	0.43	-	-	0.43
Advances	16.76	18.31	0.09	35.16
Investment of related party in the Bank	137.76	0.50	-	138.26
Investment in non-equity instrument of the Bank	393.00	-	-	393.00
Non-funded commitments	3.39	-	-	3.39
Investment of related party in Hybrid Capital/Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	3.70	-	3.70
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The details of transactions of the Bank with its related parties during the year ended 31 March, 2017 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	354.69	0.70	-	355.39
Interest paid	666.31	0.14	0.16	666.61
Interest received	1.61	0.55	-	2.16
Investment in non-equity instrument of related party	110.00	-	-	110.00
Investment of related party in the Bank	-	46.45	-	46.45
Investment of related party in Hybrid capital/Bonds of the Bank	1,050.00	-	-	1,050.00
Redemption of Hybrid capital/Bonds of the Bank	70.00	-	-	70.00
Purchase of investments	-	-	-	-
Sale of investments	758.78	3.52	0.11	762.41
Management contracts	-	11.35	-	11.35
Contribution to employee benefit fund	15.75	-	-	15.75
Purchase of fixed assets	-	-	-	-
Sale of fixed assets	-	-	-	-
Placement of deposits	-	-	-	-
Repayment of deposits	-	-	-	-
Non-funded commitments (issued)	0.05	-	-	0.05
Advance granted (net)	0.67	-	-	0.67
Advance repaid	-	0.20	-	0.20
Receiving of services	100.67	-	-	100.67
Rendering of services	2.43	0.05	-	2.48
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.41	-	-	0.41



The balances payable to/receivable from the related parties of the Bank as on 31 March, 2017 are given below:

Items/Related Party	(₹ in crores)			
	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	7,951.11	1.90	2.99	7,956.00
Placement of deposits	0.38	-	-	0.38
Advances	13.57	10.35	0.02	23.94
Investment in non-equity instruments of related party	56.10	-	-	56.10
Investment of related party in the Bank	137.76	0.41	-	138.17
Non-funded commitments	3.14	-	-	3.14
Investment of related party in Hybrid capital/ Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	0.81	-	0.81
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, 2017 are given below:

Items/Related Party	(₹ in crores)			
	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	9,003.33	10.82	3.53	9,017.68
Placement of deposits	0.38	-	-	0.38
Advances	25.70	10.52	0.08	36.30
Investment of related party in the Bank	141.89	0.41	-	142.30
Investment in non-equity instrument of the Bank	110.00	-	-	110.00
Non-funded commitments	3.21	-	-	3.21
Investment of related party in Hybrid Capital/Bonds of the Bank	4,355.00	-	-	4,355.00
Payable under management contracts	-	1.37	-	1.37
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The significant transactions between the Bank and related parties during the year ended 31 March, 2018 and 31 March, 2017 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:

Particulars	(₹ in crores)	
	31 March, 2018	31 March, 2017
<b>Dividend paid</b>		
Life Insurance Corporation of India	165.04	174.43
Administrator of the Specified Undertaking of the Unit Trust of India	137.42	137.42
<b>Interest paid</b>		
Life Insurance Corporation of India	502.36	543.21
Administrator of the Specified Undertaking of the Unit Trust of India	10.16	73.12

Particulars	(₹ in crores)	
	31 March, 2018	31 March, 2017
	▽	
<b>Interest received</b>		
Mr. Rajiv Anand	0.73	0.54
New India Assurance Co. Limited	0.02	0.13
Life Insurance Corporation of India	-	1.48
<b>Investment in non-equity instruments of related party</b>		
United India Insurance Co. Limited	393.00	-
National Insurance Co. Limited	-	110.00
<b>Investment of related party in the Bank</b>		
Life Insurance Corporation of India	1,200.00	-
Ms. Shikha Sharma	17.36	29.66
Mr. V. Srinivasan	8.03	12.03
<b>Investment of related party in Hybrid capital/Bonds of the Bank</b>		
Life Insurance Corporation of India	-	1,000.00
<b>Redemption of Hybrid capital/Bonds of the Bank</b>		
General Insurance Corporation Co. Limited	-	50.00
United India Insurance Co. Limited	-	20.00
<b>Purchase of investments</b>		
United India Insurance Co. Limited	188.69	-
<b>Sale of investments</b>		
New India Assurance Co. Limited	421.03	200.00
General Insurance Corporation Co. Limited	230.00	390.00
United India Insurance Co. Limited	157.44	55.09
National Insurance Co. Limited	35.00	50.00
<b>Management contracts</b>		
Ms. Shikha Sharma	4.84	5.42
Mr. V. Srinivasan	3.12	3.36
Mr. Rajiv Anand	2.44	1.50
Mr. Rajesh Dahiya	1.78	1.08
<b>Contribution to employee benefit fund</b>		
Life Insurance Corporation of India	16.16	15.75
<b>Placement of deposits</b>		
Life Insurance Corporation of India	0.05	-
<b>Advance granted (net)</b>		
Mr. Rajesh Dahiya	7.77	-
Life Insurance Corporation of India	-	0.67
<b>Advance repaid</b>		
Life Insurance Corporation of India	6.50	-
Ms. Shikha Sharma	0.04	0.04
Mr. Rajesh Dahiya	-	0.16
<b>Receiving of services</b>		
The Oriental Insurance Co. Limited	66.42	75.00
New India Assurance Co. Limited	27.22	18.09
Life Insurance Corporation of India	10.94	4.80



Particulars	(₹ in crores)	
	31 March, 2018	31 March, 2017
	▽	
<b>Rendering of services</b>		
Life Insurance Corporation of India	16.39	1.45
The Oriental Insurance Co. Limited	0.70	0.61
New India Assurance Co. Limited	0.33	0.37
<b>Sale of foreign exchange currency to related party</b>		
Ms. Shikha Sharma	1.29	-
<b>Other reimbursements to related party</b>		
Life Insurance Corporation of India	0.75	0.41

#### 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.

Particulars	(₹ in crores)	
	31 March, 2018	31 March, 2017
	▽	
Future lease rentals payable as at the end of the year:		
- Not later than one year	742.66	700.14
- Later than one year and not later than five years	2,303.58	2,175.20
- Later than five years	1,874.37	1,470.68
Total of minimum lease payments recognised in the Profit and Loss Account for the year	823.91	775.41

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:

Particulars	(₹ in crores)	
	31 March, 2018	31 March, 2017
	▽	
At cost at the beginning of the year	1,100.49	887.14
Additions during the year	247.69	213.39
Deductions during the year	(0.03)	(0.04)
Accumulated depreciation as at 31 March	(892.94)	(719.32)
Closing balance as at 31 March	455.21	381.17
Depreciation charge for the year	173.62	136.56

2.1.11 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

As at	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Deferred tax assets on account of provisions for doubtful debts	6,637.49	4,739.05
Deferred tax assets on account of amortisation of HTM investments	11.28	12.80
Deferred tax assets on account of provision for employee benefits	121.38	98.36
Deferred tax assets on account of other items	280.44	314.77
<b>Deferred tax assets</b>	<b>7,050.59</b>	<b>5,164.98</b>
Deferred tax liability on account of depreciation on fixed assets	103.46	92.01
Deferred tax liabilities on account of other items	35.81	1.11
<b>Deferred tax liabilities</b>	<b>139.27</b>	<b>93.12</b>
<b>Net deferred tax asset</b>	<b>6,911.32</b>	<b>5,071.86</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 ₹175.11 crores for the year ended 31 March, 2018 (previous year ₹154.12 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)

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Current Service Cost	88.53	76.80
Interest on Defined Benefit Obligation	127.95	115.68
Expected Return on Plan Assets	(171.00)	(135.93)
Net Actuarial Losses/(Gains) recognised in the year	43.05	20.25
<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>	<b>88.53</b>	<b>76.80</b>
Actual Return on Plan Assets	140.05	136.51





## Balance Sheet

Details of provision for provident fund

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Fair Value of Plan Assets	2,004.57	1,687.15
Present Value of Funded Obligations	(2,004.57)	(1,687.15)
<b>Net Asset</b>	-	-
<b>Amounts in Balance Sheet</b>		
Liabilities	-	-
Assets	-	-
<b>Net Asset (included under Schedule 11 – Other Assets)</b>	-	-

Changes in the present value of the defined benefit obligation are as follows:

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	1,687.15	1,437.90
Current Service Cost	88.53	76.80
Interest Cost	127.95	115.68
Actuarial Losses/(Gains)	12.10	20.83
Employees Contribution	200.77	181.16
Liability transferred from/to other companies	(14.62)	(22.88)
Benefits Paid	(97.31)	(122.34)
<b>Closing Defined Benefit Obligation</b>	<b>2,004.57</b>	<b>1,687.15</b>

Changes in the fair value of plan assets are as follows:

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
<b>Change in the Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	1,687.15	1,437.90
Expected Return on Plan Assets	171.00	135.93
Actuarial Gains/(Losses)	(30.95)	0.58
Employer contribution during the period	88.53	76.80
Employee contribution during the period	200.77	181.16
Assets transferred from/to other companies	(14.62)	(22.88)
Benefits Paid	(97.31)	(122.34)
<b>Closing Fair Value of Plan Assets</b>	<b>2,004.57</b>	<b>1,687.15</b>

## Experience adjustments\*

	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	(₹ in crores) 31 March, 2014
	▽				
Defined Benefit Obligations	2,004.57	1,687.15	1,437.90	1,240.83	1,013.25
Plan Assets	2,004.57	1,687.15	1,437.90	1,240.83	1,013.25
Surplus/(Deficit)	-	-	-	-	-
Experience Adjustments on Plan Liabilities	12.10	20.83	12.08	(1.78)	53.03
Experience Adjustments on Plan Assets	(30.95)	0.58	(6.16)	(3.99)	41.42

\* information provided to the extent available with the Bank

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2018	31 March, 2017
	▽	
	%	%
Government securities	53.75	53.74
Bonds, debentures and other fixed income instruments	42.16	43.47
Equity shares	3.79	1.66
Others	0.30	1.13

Principal actuarial assumptions at the balance sheet date:

	31 March, 2018	31 March, 2017
	▽	
Discount rate for the term of the obligation	7.95%	7.40%
Average historic yield on the investment portfolio	8.90%	9.11%
Discount rate for the remaining term to maturity of the investment portfolio	7.68%	6.93%
Expected investment return	9.17%	9.58%
Guaranteed rate of return	8.55%	8.65%

Superannuation

The Bank contributed ₹16.12 crores to the employee's superannuation plan for the year ended 31 March, 2018 (previous year ₹15.69 crores).

National Pension Scheme (NPS)

During the year, the Bank has contributed ₹3.82 crores (previous year ₹2.45 crores) to the NPS for employees who had opted for the scheme.

Group
Leave Encashment

The actuarial liability of compensated absences of accumulated privileged leave of the employees of the Group is given below.

	31 March, 2018				(₹ in crores)
	▽				
	Actuarial liability - Privilege Leave	Total Expenses included under Schedule 16(I)	Assumptions Discount Rate	Salary escalation rate	
Axis Bank Ltd.	243.82	47.33	7.95% p.a.	7.00% p.a.	
Axis Capital Ltd.	0.10	Nil	7.68% p.a.	7.00% p.a.	
Axis Securities Ltd.	0.66	0.66	6.60% p.a.	7.00% p.a.	
Axis Asset Management Co. Ltd.	1.17	0.64	7.50% p.a.	12.00% p.a.	
Axis Finance Ltd.	0.41	0.05	7.73% p.a.	7.00% p.a.	
A.Treds Ltd.	0.05	0.05	7.80% p.a.	7.00% p.a.	
FreeCharge Payment Technologies Pvt. Ltd.	2.68	0.81	7.10% p.a.	10.50% p.a.	
Accelyst Solutions Pvt. Ltd.	0.25	0.19	7.10% p.a.	10.50% p.a.	



(₹ in crores)

	31 March, 2017			
	Actuarial liability - Privilege Leave	Total Expenses included under Schedule 16(I)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Bank Ltd.	247.46	79.87	7.40% p.a.	7.00% p.a.
Axis Capital Ltd.	0.11	0.12	6.82% p.a.	7.00% p.a.
Axis Securities Ltd.	0.27	0.36	6.15% p.a.	7.00% p.a.
Axis Asset Management Company Ltd.	0.62	0.28	6.82% p.a.	9.00% p.a.
Axis Finance Ltd.	0.15	0.07	7.39% 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)

	31 March, 2018	31 March, 2017
	▽	
Current Service Cost	41.98	34.52
Interest on Defined Benefit Obligation	23.92	21.19
Expected Return on Plan Assets	(22.35)	(18.84)
Net Actuarial Losses/(Gains) recognised in the year	(15.41)	26.79
Past Service Cost	31.37	0.36
<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>	<b>59.51</b>	<b>64.02</b>
Actual Return on Plan Assets	27.19	17.17

#### Balance Sheet

Details of provision for gratuity

	31 March, 2018	31 March, 2017
	▽	
Present Value of Funded Obligations	(361.43)	(298.44)
Present Value of un-funded Obligations	(5.56)	(3.01)
Fair Value of Plan Assets	336.33	290.10
Unvested Past Service Cost	0.03	-
<b>Net (Liability)/Asset</b>	<b>(30.63)</b>	<b>(11.35)</b>
<b>Amounts in Balance Sheet</b>		
Liabilities (included under Schedule 5 - Other Liabilities)	30.63	11.35
Assets (included under Schedule 11 - Other Assets)	-	-
<b>Net (Liability)/Asset</b>	<b>(30.63)</b>	<b>(11.35)</b>

Changes in the present value of the defined benefit obligation are as follows:

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	301.45	246.84
Current Service Cost	41.98	34.52
Interest Cost	23.92	21.19
Actuarial Losses/(Gains)	(10.56)	25.11
Past Service Cost	31.40	0.19
Liabilities Assumed on Acquisition	1.21	-
Liabilities transferred in	0.57	0.17
Benefits Paid	(22.98)	(26.57)
Closing Defined Benefit Obligation	366.99	301.45

Changes in the fair value of plan assets are as follows:

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Opening Fair Value of Plan Assets	290.11	243.00
Expected Return on Plan Assets	22.35	18.84
Actuarial Gains/(Losses)	4.85	(1.68)
Contributions by Employer	41.33	56.52
Assets transferred in	0.57	-
Benefits Paid	(22.88)	(26.57)
Closing Fair Value of Plan Assets	336.33	290.11

Experience adjustments:

	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	(₹ in crores) 31 March, 2014
	▽				
Defined Benefit Obligations	366.99	301.45	246.84	219.95	168.99
Plan Assets	336.33	290.11	243.00	219.26	171.76
Surplus/(Deficit)	(30.66)	(11.34)	(3.84)	(0.69)	2.77
Experience Adjustments on Plan Liabilities	2.90	7.09	2.98	0.76	7.45
Experience Adjustments on Plan Assets	(4.91)	(1.68)	(5.28)	1.39	2.30

Axis Bank Ltd.

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2018	31 March, 2017
	%	%
	▽	
Government securities	49.04	37.30
Bonds, debentures and other fixed income instruments	28.81	47.98
Money market instruments	19.71	8.66
Equity shares	2.22	3.52
Others	0.22	2.54



Principal actuarial assumptions at the balance sheet date:

	31 March, 2018 ▽	31 March, 2017
Discount Rate	7.95% p.a.	7.40% 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		
- 18 to 30 (age in years)	20.00%	20.00%
- 31 to 44 (age in years)	10.00%	10.00%
- 45 to 59 (age in years)	5.00%	5.00%

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, 2018 ▽	31 March, 2017
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, 2018 ▽	31 March, 2017
<u>Principal actuarial assumptions at the balance sheet date:</u>		
Discount Rate	7.68% p.a.	6.82% p.a.
Expected rate of Return on Plan Assets	7.68% p.a.	6.82% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	10.00%	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 ₹2.36 crores as gratuity in the year 2017-18 (previous year ₹1.36 crores).

**Axis Asset Management Company Ltd.**

	31 March, 2018 ▽	31 March, 2017
<u>Principal actuarial assumptions at the balance sheet date:</u>		
Discount Rate	7.50% p.a.	6.82% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	12.00% 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, 2018	31 March, 2017
	▽	
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, 2018	31 March, 2017
	▽	
<u>Principal actuarial assumptions at the balance sheet date:</u>		
Discount Rate	6.60% p.a.	6.15% p.a.
Expected rate of Return on Plan Assets	7.00% p.a.	7.00% 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 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 ₹1.50 crore as gratuity in the year 2017-18 (previous year ₹1.50 crores)

#### Axis Finance Ltd.

	31 March, 2018	31 March, 2017
	▽	
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, 2018	31 March, 2017
	▽	
<u>Principal actuarial assumptions at the balance sheet date:</u>		
Discount Rate	7.73% p.a.	7.39% p.a.
Expected rate of Return on Plan Assets	7.73% p.a.	7.39% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	5.00%	5.00%

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 Trustee Services Ltd.

31 March, 2018

31 March, 2017



Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.35% p.a.	6.85% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	10.00% p.a.	10.00% p.a.
Employee Turnover	20.00%	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.

## A.Treds Ltd.

31 March, 2018

31 March, 2017



Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.80% p.a.	N.A.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	7.00% p.a.	N.A.
Employee Turnover		
- 21 to 30 (age in years)	20.00%	N.A.
- 31 to 44 (age in years)	10.00%	N.A.
- 45 to 59 (age in years)	5.00%	N.A.

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.

## Accelyst Solutions Pvt. Ltd.

31 March, 2018

31 March, 2017



Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.10% p.a.	N.A.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	10.50% p.a.	N.A.
Employee Turnover	25.70%	N.A.

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 ₹0.40 crore as gratuity in the year 2017-18.

## FreeCharge Payment Technologies Pvt. Ltd.

31 March, 2018

31 March, 2017



Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.10% p.a.	N.A.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	10.50% p.a.	N.A.
Employee Turnover	25.70%	N.A.

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, 2018	(₹ in crores) 31 March, 2017
	▽	
Opening balance at the beginning of the year	59.40	39.82
Additions during the year	2.00	23.47
Reductions on account of payments during the year	(0.15)	-
Reductions on account of reversals during the year	(0.27)	(3.89)
<b>Closing balance at the end of the year</b>	<b>60.98</b>	<b>59.40</b>

- b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Opening provision at the beginning of the year	110.45	127.38
Provision made during the year	89.05	32.17
Reductions during the year	(55.56)	(49.10)
<b>Closing provision at the end of the year</b>	<b>143.94</b>	<b>110.45</b>

- c) Movement in provision for other contingencies is set out below:

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Opening provision at the beginning of the year	595.62	539.09
Provision made during the year	342.25	1,036.59
Reductions during the year	(787.21)	(980.06)
<b>Closing provision at the end of the year</b>	<b>150.66</b>	<b>595.62</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. Apart from claims assessed as possible, the Group holds provision of ₹43.28 crores as on 31 March, 2018 (previous year ₹26.61 crores) towards claims assessed as probable.

- b) Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments.

- c) Liability on account of forward exchange and derivative contracts

The Group 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.

d) 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.

e) 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.

f) 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, 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 (DEAF).

The Bank, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB), which were subsequently alleged as fraudulent by PNB. Prior to this declaration by PNB, such buyer's credit loans were sold down in the secondary market by the overseas branch to various participating banks under Risk Participation Agreements. As on 31 March, 2018, there is no funded exposure outstanding in the overseas branch pursuant to such sell down. PNB has repaid the aggregate amount of all LOUs due upto 31 March, 2018, pursuant to an undertaking issued to PNB, and made remittance to the overseas branch which has been passed on for onward payment to the participating banks. Based on the facts and circumstances of the case, internal findings and legal opinion, the Bank does not expect PNB has any valid right at this point in time, for refund by the Bank of the aggregate amount paid by PNB towards LOUs due upto 31 March, 2018. However, as a matter of prudence, the aggregate amount of LOUs issued by PNB to the overseas branch against which buyer's credit was extended, aggregating to ₹3,847.26 crores has been disclosed as part of Contingent Liabilities in the Balance Sheet.

The Group 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.

## 2.1.15 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

Samir K. Barua  
Director

S. Vishvanathan  
Director

Rakesh Makhija  
Director

Shikha Sharma  
Managing Director & CEO

Date : 16 May, 2018  
Place: Mumbai

Girish V. Koliyote  
Company Secretary

Jairam Sridharan  
Chief Financial Officer

V. Srinivasan  
Deputy Managing Director

B. Baburao  
Director

# FORM AOC 1

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 <sup>st</sup> March 2018											
	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. (Refer Note a)	Axis Finance Ltd.	Axis Securities Ltd.	A. Treds Ltd.	Freecharge Payment Technologies Private Ltd. (Refer Note b)	Accelyst Solutions Private Ltd. (Refer Note b)	Axis Capital USA LLC. (Refer Note c)
	N.A.	N.A.	N.A.	N.A.	N.A.	USD (US\$ 1 = ₹65.175)	N.A.	N.A.	N.A.	N.A.	N.A.	USD (US\$ 1 = ₹65.175)
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries												
Share capital	73.50	1.50	1.50	0.05	210.11	358.46	480.75	144.50	25.00	581.05	679.68	-
Reserves & surplus	352.53	2.36	58.73	0.31	45.86	202.03	583.89	119.71	(8.54)	(450.79)	(572.10)	(0.37)
Total assets (Fixed Assets + Investments + Other Assets)	1,361.25	3.96	72.89	0.44	504.51	6,775.42	6,676.51	536.68	19.05	149.70	148.26	0.01
Total liabilities (Deposits + Borrowings + Other Liabilities + Provision)	935.22	0.10	12.66	0.08	248.54	6,214.93	5,611.87	272.47	2.59	19.44	40.68	0.38
Investments	100.85	-	8.46	0.37	188.04	812.24	-	13.00	-	63.84	66.54	-
Turnover (Total Income)	434.51	0.17	38.39	0.43	752.51	296.45	721.50	950.54	1.56	19.52	8.35	-
Profit/(Loss) before taxation	214.37	(0.27)	28.48	0.11	57.28	93.17	320.52	92.88	(7.78)	(28.13)	(36.49)	(0.37)
Provision for taxation	75.58	-	8.29	0.03	14.27	14.11	111.17	32.52	-	-	-	-
Profit/(Loss) after taxation	138.79	(0.27)	20.19	0.08	43.01	79.06	209.35	60.35	(7.78)	(28.13)	(36.49)	(0.37)
Proposed Dividend and Tax (including cess and Tax (including cess thereon) (Refer Note d)	141.77	-	16.28	-	-	-	145.97	23.48	-	-	-	-
% of shareholding	100%	100%	100%	75%	75%	100%	100%	100%	67%	100%	100%	100%
The audited financial statements of the above subsidiaries and the unaudited financial statements of the step down subsidiary have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2018.												

The audited financial statements of the above subsidiaries and the unaudited financial statements of the step down subsidiary have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2018.

Notes:

- Asset/Liability items are stated in INR equivalent of USD (\$1 = ₹65.175 as on 31 March, 2018). Profit and loss items reported in INR based on rates prevailing on the date of transactions.
- Profit and loss items pertain to the period 7 October, 2017 to 31 March, 2018.
- Axis Capital USA LLC. is a wholly owned subsidiary of Axis Capital Ltd. (a wholly owned subsidiary of Axis Bank Ltd.). Asset/Liability and Profit and loss items are stated in INR equivalent of USD (\$1 = ₹65.175 as on 31 March, 2018).
- Includes interim dividend on equity shares paid during the year. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendment to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, proposed dividend has not been recognised as a liability by the subsidiaries as on 31 March, 2018.

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Axis Securities Europe Ltd.

**Part "B": Associates and Joint Ventures - Not Applicable**



## DISCLOSURES UNDER BASEL III

### CAPITAL REGULATIONS (CONSOLIDATED) FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2018

#### 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 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 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
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
A.Treds Limited/India	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	NA	NA

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
FreeCharge Payment Technologies Pvt. Limited	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	NA	NA
Accelyst Solutions Pvt. Limited	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	NA	NA
Axis Capital USA LLC. <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 - Axis Capital Limited, a wholly owned subsidiary of the Bank owns 100% stake in Axis Capital USA LLC.

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 2018 is given below:

(₹ 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	5,045
Axis Bank UK Limited/UK	Retail Banking, Corporate Banking, Commercial Banking and Treasury Services	3,585 (USD 55)	67,583 (USD 1,028)
Axis Capital Limited/India	Merchant Banking, Institutional Broking and Investment Banking Business	735	13,612
Axis Finance Limited/India	Non-Banking Financial activities	4,808	66,765
Axis Mutual Fund Trustee Limited/ India	Trustee company for Axis Mutual Fund	1	4
Axis Private Equity Limited/India	Managing investments, venture capital funds and off-shore funds	15	40
Axis Securities Limited/India	Marketing of Retail Asset Products, Credit Cards and Retail Broking	1,445	5,367
Axis Trustee Services Limited/ India	Trusteeship services	15	729
A. Treds Limited/India	Setting up institutional mechanism to facilitate financing of trade receivables of MSME	250	191



Name of the Entity/Country of Incorporation	Principal Activity of the Entity	Total Balance Sheet Equity*	Total Balance Sheet Assets
Freecharge Payment Technologies Private Limited/India	Operating payment system for semi closed prepaid payment instrument	5,811	1,514
Accelyst Solutions Private Limited/India	Providing and facilitating online recharge/ bill payment/ coupon services, marketing platform for third parties, distribution of mutual funds and insurance	6,797	1,556
Axis Capital USA LLC./USA	Broker/dealer for investments channeled to Indian equities	NIL	0.13 (USD 0.002)

\* 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 2018, 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 2018 is 10.875% with minimum Common Equity Tier 1 (CET1) of 7.375% (including CCB of 1.875%)

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 2018 is presented below:

(₹ in millions)	
Capital Requirements for various Risks	Amount
<b>CREDIT RISK</b>	
Capital requirements for Credit Risk	
- Portfolios subject to standardized approach	401,540
- Securitisation exposures	-
<b>MARKET RISK</b>	
Capital requirements for Market Risk	
- Standardised duration approach	34,878
- Interest rate risk	24,407
- Foreign exchange risk (including gold)	608
- Equity risk	9,863

Capital Requirements for various Risks	Amount
<b>OPERATIONAL RISK</b>	
Capital requirements for Operational risk	
- Basic indicator approach	44,266

Note: - Capital requirement has been computed at 9% of RWA

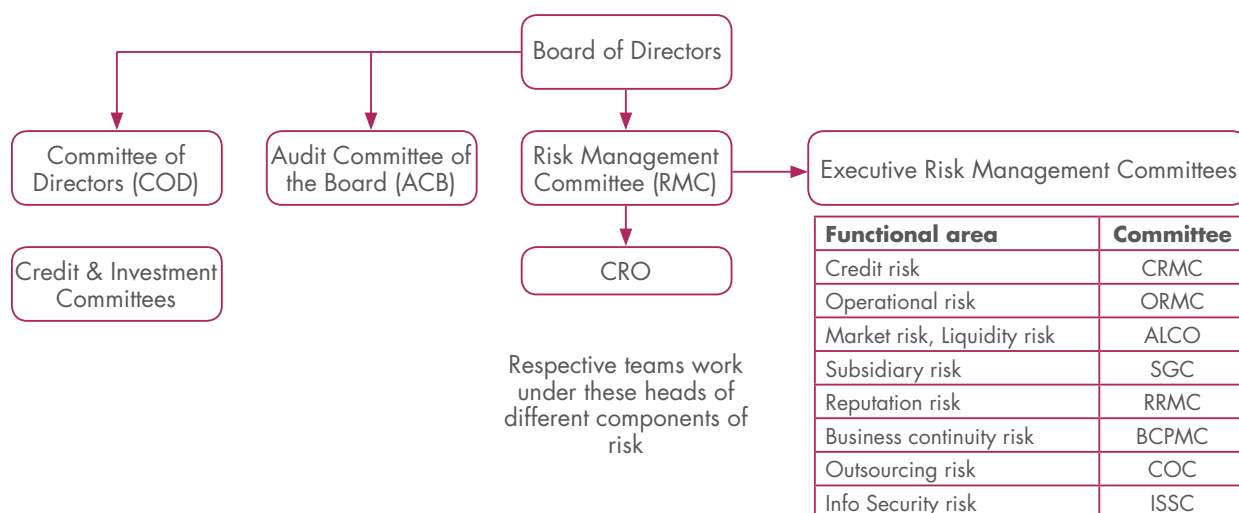
Capital Adequacy Ratios	Consolidated	Standalone
Common Equity Tier – 1 CRAR	11.80%	11.68%
Tier – 1 CRAR	13.11%	13.04%
Total CRAR	16.58%	16.57%

### 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, information security 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. The Risk Management Committee of the Board oversees the functioning of the Department. The Department has separate teams for individual components of risk i.e. Credit Risk, Market Risk (including Treasury Mid Office), Operational Risk, Enterprise Risk, Risk Analytics, Risk Data Management and Information Security Risk. These teams report 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 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 periodic 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) commands a major share of the Consumer Lending Portfolio, as the Bank continues to grow the unsecured lending book (personal loans and credit card business) albeit with prudent underwriting practice. 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 2018

(₹ in millions)

	Domestic (Outstanding)	Overseas (Outstanding)	Total
Fund Based	5,916,764	662,167	6,578,931
Non Fund Based *	1,154,909	62,666	1,217,575
<b>Total</b>	<b>7,071,673</b>	<b>724,833</b>	<b>7,796,506</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 2018

(₹ in millions)

Industry Classification	Amount	
	Fund Based (Outstanding)	Non-Fund Based (Outstanding)
Banking and Finance*	554,170	173,002
Infrastructure (excluding Power)	219,698	207,944
- of which Roads and Ports	76,988	20,850
- of which Telecommunications	58,114	87,758
Engineering	98,274	194,099
Chemicals and Chemical products	154,515	128,262
- of which Petro Chemicals	12,645	80,916
- of which Drugs and Pharmaceuticals	80,943	8,392
Trade	223,708	41,476

(₹ in millions)

Industry Classification	Amount	
	Fund Based (Outstanding)	Non-Fund Based (Outstanding)
Power Generation & Distribution	182,996	47,091
Commercial Real Estate	168,902	12,355
Iron and Steel	96,474	41,091
Metal and Metal Products	108,589	22,341
NBFCs	97,415	17,375
Cement and Cement Products	90,001	17,167
Food Processing	99,548	5,194
Petroleum, Coal Products and Nuclear Fuels	45,313	57,474
Construction	32,428	47,700
Professional Services	54,397	2,689
Computer Software	33,151	15,785
Vehicles, Vehicle Parts and Transport Equipment	38,247	10,274
Mining and Quarrying (incl. Coal)	43,100	3,301
Cotton Textiles	37,339	3,793
Other Textiles	36,539	3,100
Rubber, Plastic and their Products	30,788	8,563
Shipping Transportation & Logistics	26,340	4,490
Entertainment & Media	18,384	9,356
Gems and Jewellery	19,912	4,585
Edible oils and Vanaspati	8,726	14,571
Other Industries	262,727	50,020
Residual Exposures	3,797,250	74,477
- of which Other Assets	354,389	38,473
- of which Banking Book Investments	893,280	-
- of which Retail, Agriculture & Others	2,549,582	36,004
<b>Total</b>	<b>6,578,931</b>	<b>1,217,575</b>

\* includes Cash, Balances with RBI and Balances with banks and money at call and short notice

As on 31<sup>st</sup> March 2018, 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 (Excluding Power)	5%



## Residual Contractual Maturity Breakdown of Assets – Position as on 31<sup>st</sup> March 2018<sup>(1)</sup>

(₹ in millions)

Maturity Bucket	Cash	Balances with RBI	Balances with other banks <sup>(2)</sup>	Investments	Advances	Fixed Assets	Other assets
1 day	52,580	26,788	27,813	331,161	26,629	-	3,088
2 to 7 days	-	94,000	13,947	25,532	72,384	-	30,929
8 to 14 days	-	9,713	2,474	56,076	33,423	-	15,227
15 to 30 days	-	8,529	170	40,628	132,265	-	45,902
31 days to 2 months	-	7,338	1,907	59,208	105,301	-	8,343
Over 2 months and upto 3 months	-	5,993	3,126	75,380	114,003	-	2,339
Over 3 months and upto 6 months	-	16,400	14,612	80,913	199,796	-	51,269
Over 6 months and upto 12 months	-	20,325	26,691	171,940	281,231	-	54,797
Over 1 year and upto 3 years	-	20,202	448	173,465	771,988	76	60,811
Over 3 years and upto 5 years	-	6,220	5	98,101	589,792	7	65,109
Over 5 years	-	86,722	-	438,864	2,181,600	40,425	191,697
<b>Total</b>	<b>52,580</b>	<b>302,230</b>	<b>91,193</b>	<b>1,551,268</b>	<b>4,508,412</b>	<b>40,508</b>	<b>529,511</b>

1. Intra-group adjustments are excluded

2. Including money at call and short notice

## Movement of NPAs (including NPLs) – Position as on 31<sup>st</sup> March 2018

(₹ in millions)

Particulars	Amount
A. <b>Amount of NPAs (Gross)</b>	342,870
- Substandard	79,304
- Doubtful 1	118,119
- Doubtful 2	98,254
- Doubtful 3	23,047
- Loss	24,146
B. <b>Net NPAs</b>	165,983
C. <b>NPA Ratios</b>	
- Gross NPAs (including NPLs) to gross advances (%)	7.38%
- Net NPAs (including NPLs) to net advances (%)	3.69%
D. <b>Movement of NPAs (Gross)</b>	
- Opening balance as on 1 <sup>st</sup> April 2017	212,805
- Additions	334,573
- Reductions	(204,508)
- Closing balance as on 31 <sup>st</sup> March 2018	342,870

**Movement of Specific & General Provision – Position as on 31<sup>st</sup> March 2018**

(₹ in millions)

<b>Movement of Provisions</b>	<b>Specific Provisions</b>	<b>General Provisions</b>
- Opening balance as on 1 <sup>st</sup> April 2017	122,981	24,893
- Provision made in 2017-18 <sup>(1)(2)</sup>	171,441	-
- Write-offs	(119,840)	-
- Write-back of excess provision	(450)	(1,288)
- Closing balance as on 31 <sup>st</sup> March 2018	174,132	23,605

1. Includes release of specific provision of ₹ 76 million on account of exchange rate fluctuation

2. Includes impact of exchange rate fluctuation of ₹ 40 million in general provisions

**Details of write-offs and recoveries that have been booked directly to the income statement – for the year ending 31<sup>st</sup> March 2018**

(₹ in millions)

	<b>Amount</b>
Write-offs that have been booked directly to the income statement	1,939
Recoveries that have been booked directly to the income statement	1,829

**NPIs and Movement of Provision for Depreciation on Investments – Position as on 31<sup>st</sup> March 2018**

(₹ in millions)

	<b>Amount</b>
A. Amount of Non-Performing Investments	33,723
B. Amount of Provision held for Non-performing investments	26,119
Movement of provision for depreciation on investments	
- Opening balance as on 1 <sup>st</sup> April 2017	4,099
C. - Provision made in 2017-18	1,015
- Write-offs/Write-back of excess provision	(2,569)
- Closing balance as on 31 <sup>st</sup> March 2018	2,545

**Breakup of NPA by major industries – Position as on 31<sup>st</sup> March 2018**

(₹ in millions)

<b>Particulars</b>	<b>Amount</b>	
	<b>Gross NPA</b>	<b>Specific Provision</b>
Power Generation & Distribution	86,134	37,730
Infrastructure (excluding Power)	47,855	22,739
Iron and Steel	34,751	17,235
Commercial real estate	19,032	9,689
Engineering	13,908	8,817
Chemicals and chemical products	9,827	4,197
Trade	9,130	4,903
Cement and cement products	8,618	4,548
Food Processing	6,940	4,529
Construction	1,287	772



(₹ in millions)

Particulars	Amount	
	Gross NPA	Specific Provision
Other metal and metal products	2,026	1,457
Petroleum coal products and nuclear fuels	1,623	663
Banking and Finance	1,569	1,484
Retail, Agri & Other Industries	100,170	55,369
<b>Total</b>	<b>342,870</b>	<b>174,132</b>

Note: Specific provisions include NPA and restructured provisions

General provision in Top 5 industries amounts to ₹ 5,629 million.

### Major industries breakup of specific provision and write-off's during the current period – for the year ending 31<sup>st</sup> March 2018

(₹ in millions)

Industry	Provision	Write-offs
Specific Provision in Top 5 industries	42,140	15,716

### Geography wise Distribution of NPA and Provision – Position as on 31<sup>st</sup> March 2018

(₹ in millions)

Geography	Gross NPA	Specific Provision	General Provision
Domestic	299,376	153,317	19,511
Overseas	43,494	20,815	4,094
<b>Total</b>	<b>342,870</b>	<b>174,132</b>	<b>23,605</b>

### 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, SMERA and Infomeric 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, SMERA and Infomeric 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 rating is 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 uses 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 used where 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 are directly used to assign risk-weight to all 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 2018

	(₹ in millions)
	<b>Amount</b>
Below 100% risk weight	5,035,841
100% risk weight	1,580,971
More than 100% risk weight	1,171,364
Deduction from capital funds	8,330

## 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 deposits with banks, 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 (CGTSL), Central Government and State Government.

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 2018

	(₹ in millions)
	<b>Amount</b>
Covered by:	
- Eligible financial collaterals after application of haircuts	147,481
- Guarantees/credit derivatives	73,761

## 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. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to senior pass through certificate 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'.

The Bank follows the standardized approach prescribed by the RBI for the securitization activities. The Bank uses the ratings assigned by various external credit rating agencies viz. Brickworks, CARE, CRISIL, ICRA, India Ratings, SMERA and Infomercials for its securitisation exposures.



All transfers of assets under securitisation were effected on true sale basis. However, in the year ended 31<sup>st</sup> March 2018, the Bank has not securitized any asset.

## A. Banking Book

### Details of Exposure Securitised by the Bank and subject to Securitisation Framework

(₹ in millions)

Sr. No.	Type of Securitisation	
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 2018 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	-	-
Deductions		
- 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 2018 is given below**

(₹ in millions)

Sr. No.	Type of Securitisation	On Balance Sheet*	Off Balance Sheet
i	Retained	-	-
ii	Securities purchased		
	- Corporate Loans	-	-
	- Lease Rental	2,224	-
	- Priority Sector (auto pool & micro finance)	22,853	-
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	25,077	721
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 volatility risk in the option book. 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.
- Put in place non-statistical measures/limits on positions, gaps, stop loss, duration and option Greeks etc.
- 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. Tenor wise duration limits have been set up for different categories within a portfolio. Issuer wise concentration limits are introduced in case of security 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 means 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 predicted through behavioral analysis - (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, co-operative banks, small finance banks and payment 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, Shanghai and GIFT city branch (International Banking Unit). 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 2018

(₹ in millions)	
Type	Amount of Capital Required
Interest rate risk	24,407
Foreign exchange risk (including gold)	608
Equity position risk	9,863

## 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 Bank also has a detailed framework for operational risk loss data collection, risk and control self-assessment and key risk indicators.

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, Central Outsourcing Committee, Business Continuity Planning & Management Committee (BCPMC) 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 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 information 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.

### 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 of the Bank for effective monitoring of key operational risks. KRIs for the branches has also been launched as a new initiative to help branches to manage operational risk better.

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 Planning & Management Committee (BCPMC) has been formed comprising of senior functionaries of the Bank, which monitors BCM framework implementation 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 2018.

## IX. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Interest Rate Risk in the Banking Book is measured and monitored in accordance with the guidelines laid out in the Bank's Asset Liability Management (ALM) Policy which is based on the RBI "Guidelines on Banks' Asset Liability Management Framework – Interest Rate Risk" dated 4<sup>th</sup> November 2010. Interest Rate Risk is measured in terms of changes in the value of interest rate sensitive positions across the whole bank i.e. both in the banking and trading books as described below.

The Bank measures and controls interest risk in the banking book using both Earnings at Risk (EaR) which assesses the sensitivity of its net interest income to parallel movement in interest rates over the 1 year horizon as well as Market Value of its Equity (MVE) which measures the sensitivity of the present value of all assets and liabilities to interest rate risk in response to given interest rate movements. The Bank prepares Interest Rate Sensitivity reports which are reviewed against Regulatory and Internal limits. Internal limits have been established for (a) Earnings at Risk for a 100 bps parallel shift in interest rates over the horizon of 1 year, and (b) 200 bps parallel shift in interest rates for Market Value of Equity impact. 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.

Bucketing of non-maturity liability items for interest rate risk measurement is based on the behavioral analysis methodology for identification of core and non-core components. 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, the 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 2018 are given below:

### Earnings Perspective

Currency	(₹ in millions)	
	Interest Rate Shock	
	+200 bps	-200 bps
INR	22,056	(22,056)
USD	(486)	486
Residual	320	(320)
<b>Total</b>	<b>21,890</b>	<b>(21,890)</b>





## Economic Value Perspective

(₹ in millions)

Currency	Interest Rate Shock	
	+200 bps	-200 bps
INR	29,618	(29,618)
USD	1,518	(1,518)
Residual	(11,111)	11,111
<b>Total</b>	<b>20,025</b>	<b>(20,025)</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 Individual 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 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	60,756	3,912
Netting Benefits	-	-
Netted Current Credit Exposure	60,756	3,912
Collateral held (e.g. Cash, G-sec, etc.)	-	-
Net Derivatives Credit Exposure	60,756	3,912
Exposure amount (under CEM)	207,812	16,706
Notional value of Credit Derivative hedges	-	-
Credit derivative transactions that create exposures to CCR	-	-

## XI. COMPOSITION OF CAPITAL

(₹ in millions)

Sr. No.	Particulars	Amount	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)	263,248	A1 + A2
2	Retained earnings	377,411	B1+B2+B3+B4 +B5+B6-B7
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)	-	
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>	<b>640,659</b>	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
7	Prudential valuation adjustments	1,190	
8	Goodwill (net of related tax liability)	2,930	B8
9	Intangibles (net of related tax liability)	-	
10	Deferred tax assets	5,400	
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	785	
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	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	of which: significant investments in the common stock of financial entities	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (26a+26b+26c+26d)	-	
26a	Of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	-	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-	
26d	of which: Unamortized pension funds expenditures	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>10,305</b>	
29	<b>Common Equity Tier 1 capital (CET 1)</b>	<b>630,354</b>	
<b>Additional Tier 1 capital: instruments</b>			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	70,000	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	70,000	C1
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
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	of which: instruments issued by subsidiaries subject to phase out	-	
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>70,000</b>	
<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	1	
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	Of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	
41b	Of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-	
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>1</b>	

(₹ in millions)

Sr. No.	Particulars	Amount	Reference No.
44	<b>Additional Tier 1 capital (AT1)</b>	<b>69,999</b>	
45	<b>Tier 1 capital (T1 = CET1 + AT1) (29 + 44)</b>	<b>700,353</b>	
<b>Tier 2 capital: instruments and provisions</b>			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	115,800	C2
47	Directly issued capital instruments subject to phase out from Tier 2	44,550	C2
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	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions	24,673	D1+D2+D3+D4
51	<b>Tier 2 capital before regulatory adjustments</b>	<b>185,023</b>	
<b>Tier 2 capital: regulatory adjustments</b>			
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
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	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-	
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	
58	<b>Tier 2 capital (T2)</b>	<b>185,023</b>	
59	<b>Total capital (TC = T1 + T2) (45 + 58c)</b>	<b>885,376</b>	
60	<b>Total risk weighted assets (60a + 60b + 60c)</b>	<b>5,340,943</b>	
60a	<i>of which: total credit risk weighted assets</i>	<b>4,461,560</b>	
60b	<i>of which: total market risk weighted assets</i>	<b>387,537</b>	
60c	<i>of which: total operational risk weighted assets</i>	<b>491,846</b>	
<b>Capital ratios and buffers</b>			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.80%	
62	Tier 1 (as a percentage of risk weighted assets)	13.11%	
63	Total capital (as a percentage of risk weighted assets)	16.58%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	7.38%	
65	<i>of which: capital conservation buffer requirement</i>	1.88%	
66	<i>of which: bank specific countercyclical buffer requirement</i>	-	
67	<i>of which: G-SIB buffer requirement</i>	-	
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%	



(₹ in millions)

Sr. No.	Particulars	Amount	Reference No.
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	22,371	
73	Significant investments in the common stock of financial entities	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	63,694	
<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)	24,673	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	55,770	
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 ( <i>excess over cap after redemptions and maturities</i> )	NA	
82	Current cap on AT1 instruments subject to phase out arrangements	NA	
83	Amount excluded from AT1 due to cap ( <i>excess over cap after redemptions and maturities</i> )	NA	
84	Current cap on T2 instruments subject to phase out arrangements	46,288	
85	Amount excluded from T2 due to cap ( <i>excess over cap after redemptions and maturities</i> )	-	

\* NA – Not Applicable

**Notes to the Template**

Row No. of the template	Particular	(₹ in million)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	5,400
	Total as indicated in row 10	5,400
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of the bank	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
50	Eligible Provisions included in Tier 2 capital	24,673
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	24,673

## XII. THE RECONCILIATION OF REGULATORY CAPITAL ITEMS AS ON 31<sup>st</sup> MARCH 2018 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 and Liabilities</b>		
I	Paid-up Capital	5,133	5,133
	Reserves & Surplus	636,941	636,941
	Minority Interest	695	695
	Total Capital	642,769	642,769
II	Deposits	4,556,578	4,556,578
	<i>of which: Deposits from banks</i>	184,413	184,413
	<i>of which: Customer deposits</i>	4,372,165	4,372,165
III	Borrowings	1,557,671	1,557,671
	i. Borrowings in India	807,084	807,084
	(a) From RBI	61,000	61,000
	(b) From banks	25,851	25,851
	(c) From other institutions & agencies	720,233	720,233
	ii. Borrowings Outside India	750,587	750,587
	<i>of which: Capital Instruments</i>	282,050	282,050
IV	Other liabilities & provisions	280,016	280,016
	<b>Total</b>	<b>7,037,034</b>	<b>7,037,034</b>
<b>B</b>	<b>Assets</b>		
I	Cash and balances with Reserve Bank of India	354,811	354,811
	Balance with banks and money at call and short notice	84,297	84,297
II	Investments	1,530,367	1,530,367
	<i>of which:</i>		
	Government securities	1,042,770	1,042,770
	Shares	16,130	16,130
	Debentures & Bonds	314,508	314,508
	Subsidiaries / Joint Ventures / Associates	-	-
	Others (Commercial Papers, Mutual Funds etc.)	156,959	156,959
III	Loans and advances	4,498,436	4,498,436
IV	Fixed assets	40,488	40,488
V	Other assets	528,635	528,635
	<i>of which:</i>		
	Goodwill and intangible assets	2,930	2,930
	Deferred tax assets (Net)	69,094	69,094
VI	Goodwill on consolidation	-	-
VII	Debit balance in Profit & Loss account	-	-
	<b>Total Assets</b>	<b>7,037,034</b>	<b>7,037,034</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>			
<b>I</b>	<b>Paid-up Capital</b>	5,133	5,133	A1
	<b>Reserves &amp; Surplus</b>	636,941	636,941	-
	<i>of which:</i>			
	Statutory Reserve	115,760	115,760	B1
	Share Premium	258,115	258,115	A2
	Investment Reserve Account	1,035	1,035	D1
	General Reserve	3,944	3,944	B2
	Capital Reserve	19,673	19,673	B3
	Foreign Currency Translation Reserve	1,521	1,521	
	<i>of which: considered under capital funds</i>	-	1,140	B4
	Reserve Fund	1,350	1,350	B5
	Balance in Profit/Loss A/c	235,543	235,543	B6
	<i>of which: Proposed dividend</i>			B7
	<b>Minority Interest</b>	<b>695</b>	<b>695</b>	-
	<i>of which: amount eligible for CET I</i>			-
	<b>Total Capital</b>	<b>642,769</b>	<b>642,769</b>	-
<b>II</b>	<b>Deposits</b>	<b>4,556,578</b>	<b>4,556,578</b>	-
	<i>of which:</i>			
	Deposits from banks	184,413	184,413	-
	Customer deposits	4,372,165	4,372,165	-
<b>III</b>	<b>Borrowings</b>	<b>1,557,671</b>	<b>1,557,671</b>	-
	i. Borrowings in India	807,084	807,084	-
	(a) From RBI	61,000	61,000	-
	(b) From banks	25,851	25,851	-
	(c) From other institutions & agencies	720,233	720,233	-
	ii. Borrowings Outside India	750,587	750,587	-
	<i>of which: Capital Instruments</i>	282,050	282,050	
	<i>of which:</i>			
	(a) Eligible AT1 capital		70,000	C1
	(b) Eligible Tier 2 capital		160,350	C2
<b>IV</b>	<b>Other liabilities &amp; provisions</b>	<b>280,016</b>	<b>280,016</b>	-
	<i>of which:</i>			
	Provision for Standard Advances	22,482	22,482	D2
	Provision for Unhedged Foreign Currency Exposure	1,123	1,123	D3
	<b>Total</b>	<b>7,037,034</b>	<b>7,037,034</b>	



Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
<b>B</b>	<b>Assets</b>			
<b>I</b>	Cash and balances with Reserve Bank of India	354,811	354,811	-
	Balance with banks and money at call and short notice	84,297	84,297	-
<b>II</b>	<b>Investments</b>	<b>1,530,367</b>	<b>1,530,367</b>	<b>-</b>
	<i>of which:</i>			
	Government securities	1,042,770	1,042,770	-
	Shares	16,130	16,130	-
	Debentures & Bonds	314,508	314,508	-
	Subsidiaries / Joint Ventures / Associates	-	-	-
	Others (Commercial Papers, Mutual Funds etc.)	156,959	156,959	-
<b>III</b>	<b>Loans and advances</b>	<b>4,498,436</b>	<b>4,498,436</b>	<b>-</b>
	floating provision adjusted in loans & advances	-	33	D4
<b>IV</b>	<b>Fixed assets</b>	<b>40,488</b>	<b>40,488</b>	<b>-</b>
<b>V</b>	<b>Other assets</b>	<b>528,635</b>	<b>528,635</b>	<b>-</b>
	<i>of which:</i>			
	Goodwill and intangible assets	2,930	2,930	B8
	Deferred tax assets (Net)	69,094	69,094	
<b>VI</b>	<b>Goodwill on consolidation</b>			-
<b>VII</b>	<b>Debit balance in Profit &amp; Loss account</b>	-	-	-
	<b>Total Assets</b>	<b>7,037,034</b>	<b>7,037,034</b>	<b>-</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:

<https://www.axisbank.com/shareholders-corner/regulatory-disclosure/basel-III-disclosures>

## XVI. EQUITIES – DISCLOSURE FOR BANKING BOOK POSITIONS

The risk oversight relating to the equity portfolio is part of the overall independent risk management structure of the Bank and is subjected to the risk management processes and policies approved by the Bank.

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 categorized as HTM in accordance with the RBI guidelines. All other investments are classified as AFS securities.



Equity investments carried under the HTM category are carried at acquisition cost. 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.

The Bank does not have any equity under the Banking Book.

## **XVII. COMPARISON OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURE MEASURE AS ON 31<sup>st</sup> MARCH 2018**

(₹ in millions)	
<b>Particulars</b>	<b>Amount</b>
Total consolidated assets as per published financial statements	7,037,034
Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purpose but outside the scope of regulatory consolidation	-
Adjustments for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
Adjustments for derivative financial instruments	158,712
Adjustment for securities financing transactions(i.e. repos and similar secured lending)	-
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	919,510
Other adjustments	(9,115)
<b>Leverage ratio exposure</b>	<b>8,106,141</b>

## **XVIII. LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE AS ON 31<sup>st</sup> MARCH 2018**

(₹ in millions)	
<b>Particulars</b>	<b>Leverage ratio framework</b>
<b>On-balance sheet exposures</b>	
1 On-balance sheet items(excluding derivatives and SFTs, but including collateral)	6,971,228
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(9,115)
<b>3 Total on-balance sheet exposures(excluding derivatives and SFTs)(sum of lines 1 and 2)</b>	<b>6,962,112</b>
<b>Derivative Exposures</b>	
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	64,668
5 Add-on amounts for PFE associated with all derivatives transactions	159,851
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8 (Exempted CCP leg of client-cleared trade exposures)	-
9 Adjusted effective notional amount of written credit derivatives	-
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
<b>11 Total derivative exposures (sum of lines 4 to 10)</b>	<b>224,519</b>
<b>Securities financing transaction exposures</b>	
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14 CCR Exposure for SFT Assets	-
15 Agent transaction exposures	-
<b>16 Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>	

(₹ in millions)

<b>Particulars</b>		<b>Leverage ratio framework</b>
17	Off-balance sheet exposure at gross notional amount	2,667,006
18	(Adjustments for conversion to credit equivalent amounts)	(1,747,496)
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>919,510</b>
<b>Capital and total exposures</b>		
20	<b>Tier 1 capital</b>	<b>700,353</b>
21	<b>Total exposures (sum of lines 3,11,16 and 19)</b>	<b>8,106,141</b>
<b>Leverage Ratio</b>		
22	<b>Basel III leverage ratio</b>	<b>8.64%</b>

## XIX. RECONCILIATION OF TOTAL PUBLISHED BALANCE SHEET SIZE AND ON BALANCE SHEET EXPOSURE

(₹ in millions)

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount</b>
1	Total consolidated assets as per published financial statements	7,037,034
2	Replacement cost associated with all derivatives transactions, i.e. net of eligible cash variation margin	(65,806)
3	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
4	Adjustment for entities outside the scope of regulatory consolidation	-
5	<b>On-balance sheet items(excluding derivatives and SFTs, but including collateral)</b>	<b>6,971,228</b>

## NOTICE

**NOTICE** is hereby given that the Twenty Fourth Annual General Meeting of the Members of Axis Bank Limited (the “**Bank**”) will be held at **10.00 A.M.** on **Wednesday, 20<sup>th</sup> June 2018** at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015, Gujarat, to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - a. the audited standalone financial statements of the Bank for the financial year ended 31<sup>st</sup> March 2018 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 2018 and the Report of the Auditors thereon.
2. To appoint a director in place of Shri Rajiv Anand (DIN 02541753), who retires by rotation and being eligible, has offered himself for re-appointment.
3. To appoint a director in place of Shri Rajesh Dahiya (DIN 07508488), who retires by rotation and being eligible, has offered himself for re-appointment.
4. To appoint M/s Haribhakti & Co. LLP, Chartered Accountants, Mumbai, (Registration No. 103523W/W100048) as the Statutory Auditors of the Bank and to consider, and in this connection, if thought fit, to 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 the relevant rules made thereunder, Section 30 and all other applicable provisions of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by the Reserve Bank of India (“**RBI**”), in this regard, from time to time, and any other applicable laws (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), approval of the Members of the Bank be and is hereby accorded to the appointment of M/s Haribhakti & Co. LLP, Chartered Accountants, Mumbai, having Registration Number 103523W/W100048, issued by the Institute of Chartered Accountants of India, as the Statutory Auditors of the Bank, in place of M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, the retiring auditors of the Bank and to hold office as such from the conclusion of the Twenty Fourth Annual General Meeting until the conclusion of the Twenty Eighth Annual General Meeting, subject to the approval of the RBI, and on such terms and conditions, including remuneration, as may be approved by the Audit Committee of the Board of Directors of the Bank.”

### SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 152 and all other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 10A (2A) and all other applicable provisions of the Banking Regulation Act, 1949 and the rules, guidelines and circulars issued by the Reserve Bank of India (“**RBI**”), in this regard, from time to time, and any other applicable laws (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force) and the provisions of the Articles of Association of Axis Bank Limited (the “**Bank**”), Shri Stephen Pagliuca (DIN 07995547), who was appointed as an Additional Non-Executive (Nominee) Director of the Bank pursuant to the nomination received from BC Asia Investments VII Limited, Intergral Investments South Asia IV and BC Asia Investment III Limited, with effect from 19<sup>th</sup> December 2017 and who holds office as such upto the date of this Annual General Meeting, approval of the Members of the Bank be and is hereby accorded to the appointment of Shri Stephen Pagliuca as the Non-Executive (Nominee) Director of the Bank, for a period of four (4) consecutive years, with effect from 19<sup>th</sup> December 2017 **AND THAT** Shri Stephen Pagliuca shall not be liable to retire by rotation during the said period.”

6. To consider, and if thought fit, to pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 197, Schedule V and all other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, Section 35B and all other applicable provisions of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by the Reserve Bank of India (“**RBI**”), in this regard, from time to time and any other applicable laws (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force) and the provisions of the Articles of Association of Axis Bank Limited (the “**Bank**”), approval

of the Members of the Bank be and is hereby accorded to the remuneration payable to Dr. Sanjiv Misra (DIN 03075797), as the Non-Executive (Part-Time) Chairman of the Bank, with effect from 18<sup>th</sup> July 2018, detailed as under, subject to the approval of the RBI:

Particulars	Amount
Remuneration	: ₹ 33,00,000 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 of the Bank.
Sitting Fees	: As payable to other Non-Executive Directors for attending meetings of the Board and Committees.

**“RESOLVED FURTHER THAT** the Directors of the Bank be and are hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise in this regard, as he/she may in its sole and absolute discretion deem fit, and to do all such acts, deeds, matters and things as he/she may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Director(s)/ Officer(s) of the Bank, to give effect to this Resolution.”

7. To consider, and if thought fit, to pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 196 and all other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, Section 35B and all other applicable provisions of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by the Reserve Bank of India (“RBI”), in this regard, from time to time and any other applicable laws (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force) and the provisions of the Articles of Association of Axis Bank Limited (the “Bank”), approval of the Members of the Bank be and is hereby accorded to the re-appointment of Smt. Shikha Sharma (DIN 00043265) as the Managing Director & CEO of the Bank, from 1<sup>st</sup> June 2018 up to 31<sup>st</sup> December 2018 (both days inclusive).”

**“RESOLVED FURTHER THAT** pursuant to the provisions of Section 197, Schedule V and all other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, Section 35B and all other applicable provisions of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by the RBI, in this regard, from time to time and any other applicable laws (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force) and the provisions of the Articles of Association of the Bank, approval of the Members of the Bank, be and is hereby accorded to the payment of remuneration by way of salary, allowances and perquisites to Smt. Shikha Sharma (DIN 00043265), as the Managing Director & CEO of the Bank, from 1<sup>st</sup> June 2018 upto 31<sup>st</sup> December 2018 (both days inclusive), detailed as under subject to the approval of the RBI:

Particulars	Amount
Salary	: ₹ 3,15,94,000 p.a.
Leave Fare Concession	: ₹ 14,76,000 p.a.
<b>Perquisites</b>	
House Rent Allowance	: ₹1,05,38,000 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 a pro-rata basis).
Superannuation	: 10% of basic pay p.a.
Travelling Allowances	: As per the Bank's Policy.
Medical benefits	(i) Group mediclaim facility as available to the 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 the Bank's Policy.

Particulars	Amount
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 up to a limit of ₹ 3,75,000 p.a.
Furnishing Allowance	: At actuals up to a limit of ₹ 30,00,000 over a period of three years.
Car	: As per the Bank's Policy.
Leave	: As per the Bank's Rule.
Stock Options	: Stock options as may be granted by the Nomination and Remuneration Committee, from time to time, subject to the approval of the RBI.
Variable Pay	: As approved by the Nomination and Remuneration Committee/Board, subject to the approval of the 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 Directors of the Bank be and are hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise in this regard as he/she may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as he/she may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Director(s)/ Officer(s) of the Bank, to give effect to this Resolution."

8. To consider, and if thought fit, to pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 197, Schedule V and all other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, Section 35B and all other applicable provisions of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by the Reserve Bank of India ("**RBI**"), in this regard, from time to time and any other applicable laws (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force) and the provisions of the Articles of Association of Axis Bank Limited (the "**Bank**"), approval of the Members of the Bank be and is hereby accorded to the revision in the remuneration by way of salary, allowances and perquisites payable to Shri V. Srinivasan (DIN 00033882), as the Deputy Managing Director of the Bank, with effect from 1<sup>st</sup> June 2018, detailed as under, subject to the approval of the RBI:

Particulars	Amount
Salary	: ₹ 2,23,56,000 p.a.
Leave Fare Concession	: ₹ 6,05,000 p.a.
<b>Perquisites</b>	
House Rent Allowance	: ₹ 55,87,000 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 a pro-rata basis).
Superannuation	: 10% of basic pay p.a.
Travelling Allowances	: As per the Bank's Policy.
Medical benefits	: (i) Group mediclaim facility as available to the 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 the Bank's Policy.

Particulars	Amount
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.
Utility Bills	: To be reimbursed at actuals up to a limit of ₹ 1,32,000 p.a.
Furnishing Allowance	: At actuals up to a limit of ₹ 15,00,000 over a period of three years.
Car	: As per the Bank's Policy.
Leave	: As per the Bank's Rule.
Stock Options	: Stock options as may be granted by the Nomination and Remuneration Committee, from time to time, subject to the approval of the RBI.
Variable Pay	: As approved by the Nomination and Remuneration Committee/Board subject to the approval of the 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 Directors of the Bank be and are hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise in this regard as he/she may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as he/she may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Director(s)/ Officer(s) of the Bank, to give effect to this Resolution."

9. To consider, and if thought fit to, pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 197, Schedule V and all other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, Section 35B and all other applicable provisions of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by the Reserve Bank of India ("RBI"), in this regard, from time to time and any other applicable laws (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force) and the provisions of the Articles of Association of Axis Bank Limited (the "**Bank**"), approval of the Members of the Bank be and is hereby accorded to the revision in the remuneration by way of salary, allowances and perquisites payable to Shri Rajiv Anand (DIN 02541753), as the Executive Director (Retail Banking) of the Bank, for a period of one (1) year, with effect from 1<sup>st</sup> June 2018, detailed as under, subject to the approval of the RBI:

Particulars	Amount
Salary	: ₹ 1,64,84,000 p.a.
Leave Fare Concession	: ₹ 5,50,000 p.a.
<b>Perquisites</b>	
House Rent Allowance	: ₹ 54,39,720 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 a 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 the 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 the Bank's Policy.



Particulars	Amount
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 up to a limit of ₹ 1,32,000 p.a.
Furnishing Allowance	: At actual up to a limit of ₹ 15,00,000 over a period of three years.
Car	: As per the Bank's Policy.
Leave	: As per the Bank's Rule.
Employees Stock Options (ESOP)	: Stock options as may be granted by the Nomination and Remuneration Committee from time to time, subject to the approval of the RBI.
Variable Pay	: As approved by the Nomination and Remuneration Committee/ Board, subject to the approval of the 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 Directors of the Bank be and are hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise in this regard as he/she may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as he/she may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Director(s)/ Officer(s) of the Bank, to give effect to this Resolution."

10. To consider, and if thought fit, to pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 197, Schedule V and all other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, Section 35B and all other applicable provisions of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by the Reserve Bank of India ("**RBI**"), in this regard, from time to time and any other applicable laws (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force) and the provisions of the Articles of Association of Axis Bank Limited (the "**Bank**"), approval of the Members of the Bank be and is hereby accorded to the revision in the remuneration by way of salary, allowances and perquisites payable to Shri Rajesh Dahiya (DIN 07508488), as the Executive Director (Corporate Centre) of the Bank, for a period of one (1) year, with effect from 1<sup>st</sup> June 2018, detailed as under, subject to the approval of the RBI:

Particulars	Amount
Salary	: ₹ 1,46,50,000 p.a.
Leave Fare Concession	: ₹ 5,50,000 p.a.
<b>Perquisites</b>	
House Rent Allowance	: ₹ 48,34,500 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 a pro-rata basis).
Superannuation	: 10% of basic pay p.a.
Travelling Allowances	: As per the Bank's Policy.
Medical benefits	: (i) Group mediclaim facility as available to the 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 the Bank's Policy.

Particulars	Amount
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 up to a limit of ₹ 1,32,000 p.a.
Furnishing Allowance	: At actual up to a limit of ₹ 15,00,000 over a period of three years.
Car	: As per the Bank's Policy.
Leave	: As per the Bank's Rule.
Employees Stock Options (ESOP)	: Stock options as may be granted by the Nomination and Remuneration Committee, from time to time, subject to the approval of the RBI.
Variable Pay	: As approved by the Nomination and Remuneration Committee/ Board, subject to the approval of the 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 Directors of the Bank be and are hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise in this regard as he/she may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as he/she may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Director(s)/ Officer(s) of the Bank, to give effect to this Resolution."

11. To consider, and if thought fit to, 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 Axis Bank Limited (the **"Bank"**) at the Twenty First Annual General Meeting of the Bank held on 24<sup>th</sup> July 2015, and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder and any other applicable laws (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force) and the relevant provisions of the Memorandum of Association and Articles of Association of the Bank, approval of the Members 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, provided however, that apart from deposits of money accepted from public in the ordinary course of its business, temporary loans repayable on demand or within six months from the date of the loan, if any, obtained from the Bank's bankers, the total amount of such borrowings outstanding at any time shall not exceed ₹ 200,000 crore (Rupees Two Hundred Thousand crore only) 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, free reserves and securities premium."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Committee of the Board of Director(s), and/or Managing Director, and/or Deputy Managing Director, and /or any other officer(s) of the Bank, to give effect to this Resolution."

12. To consider, and if thought fit to, pass with or without modification(s), the following resolution, as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Section 42 and all other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the applicable provisions of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by the Reserve Bank of India (**"RBI"**) and/or the Securities and Exchange Board of India, in this regard, from time to time, and any other applicable laws (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force) and the relevant provisions of the Memorandum of Association and the Articles of Association of Axis Bank Limited (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), approval of the Members of the Bank be and is hereby accorded for borrowing/raising of funds denominated in Indian rupees or any other permitted foreign currency, by issue of debt securities including, but not limited to, long term bonds, green bonds, non-convertible debentures, perpetual debt instruments and Tier II Capital Bonds or such other debt securities as may be permitted under the RBI guidelines, from time to time, on a private placement basis and/

or for making offers and/or invitations thereof, and/or issue(s)/ issuances thereof, on a private placement basis, for a period of one (1) year from the date hereof, in one (1) or more tranches and/ or series and/ or under one (1) or more shelf disclosure documents and/ or one (1) or more letters of offer, and on such terms and conditions for each series/ tranches, including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board of Directors of the Bank (hereinafter referred to as the **"Board"**, which term shall be deemed to include any committee(s) constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), as per the structure and within the limits permitted by the RBI, upto an amount of ₹ 35,000 crore (Rupees Thirty Five Thousand crore only) in domestic and/ or overseas market, within the overall borrowing limits of the Bank."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to negotiate, modify, finalize the terms and conditions of the said debt instruments and execute all such agreements, documents, instruments and writings as deemed necessary, including, the private placement offer letter, information memorandum, disclosure documents, debenture subscription agreement, debenture trust deed and any other documents as may be required in connection with the offering(s), issuance(s) and/ or allotment(s) of the said debt instruments on a private placement basis, with the power to settle all questions, difficulties or doubts that may arise in this regard, as it may in its sole and absolute discretion deem fit, and to do all such acts, deeds, matters and things as it may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Committee of the Board of Director(s), and/or Managing Director, and/or Deputy Managing Director, and /or any other officer(s) of the Bank, to give effect to this Resolution."

**By Order of the Board**

**Place: Mumbai**  
**Date: 16<sup>th</sup> May 2018**

**Girish V. Koliyote**  
**Company Secretary**  
**ACS - 14285**

**Axis Bank Limited**

CIN: L65110GJ1993PLC020769

**Registered Office:**

'Trishul', 3<sup>rd</sup> Floor, Opp. Samartheshwar Temple,  
Law Garden, Ellisbridge, Ahmedabad – 380 006, Gujarat.

Website: [www.axisbank.com](http://www.axisbank.com)

Phone No. : +91 – 79 – 6630 6161

Fax No. : +91 – 79 – 2640 9321

Email: [shareholders@axisbank.com](mailto:shareholders@axisbank.com)

**NOTES:**

1. **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. THE INSTRUMENTS APPOINTING 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.**
2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Registered Office of the Bank a certified copy of the latest Board Resolution authorizing their representative to attend and vote at the Meeting on their behalf.
3. Proxy shall not have a right to speak at the Meeting and shall not be entitled to vote except on a poll.
4. A person appointed as Proxy shall act on behalf of not more than 50 Members and holding in aggregate 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.
5. Proxy in prescribed Form No. MGT-11, is enclosed herewith.
6. The Attendance at the Meeting will be regulated through the Attendance Slip and the same will be verified with the records maintained with the Bank. Members who hold shares in dematerialised form are requested to quote their DP ID and Client ID number(s) and those who hold shares in physical form are requested to quote their folio number(s) in the Attendance Slip to facilitate their identification at the Meeting.
7. The relevant explanatory statement pursuant to the provisions of Section 102 of the Companies Act, 2013, as amended (the "**Companies Act**") in respect of item Nos. 5 to 12 of this Notice is annexed herewith.
8. 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 **Saturday, 2<sup>nd</sup> June 2018 to Wednesday, 20<sup>th</sup> June 2018 (both days inclusive)**, for the purpose of annual general meeting.
9. Members holding shares in physical form are requested to notify any change in their address, if any, to the Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Hyderabad (Karvy) at their address mentioned below or to the Registered Office of the Bank, quoting your Folio number(s).
10. Members holding shares in dematerialised form 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). Any changes effected by the DP will be automatically reflected in the record maintained by the Depositories.
11. Members may avail of the Nomination facility available under Section 72 of the Companies Act, 2013. The relevant Nomination Form can be downloaded from the website of the Bank or Members may write to the Bank at its Registered Office, for the same.
12. Members 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 clarify the same at the Meeting.
13. SEBI vide its circular dated 20<sup>th</sup> April 2018 has made it mandatory for the Bank to collect copy of Income Tax Permanent Account Number (PAN) and bank account details of all securities holders holding securities in physical form. Accordingly, all Shareholders holding shares in physical form are requested to submit to Karvy, the said documents duly attested.
14. In compliance with the provisions of 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 will be sent by e-mail to those Members who have registered their email address with their DP (in case of electronic shareholding) or with Karvy (in case of physical shareholding).

We, therefore request the Members to register their email ID with their DP (in case of electronic shareholding) or with Karvy (in case of physical shareholding) mentioning your demat account / Folio no(s).

However, in case you wish to receive the above documents in physical form, you may write to Karvy at the address mentioned below or send an email to [axisgogreen@karvy.com](mailto:axisgogreen@karvy.com), mentioning your demat account details / Folio no(s) to enable Karvy to record your decision and arrange to send the said documents to your registered address, free of cost.

15. The Shareholders may write to the Company Secretary at the Registered Office or to Karvy regarding transfer of shares held in physical form or for conveying their grievances, if any, at below mentioned addresses:

**Axis Bank Limited**

CIN: L65110GJ1993PLC020769

**Registered Office:**

'Trishul', 3<sup>rd</sup> Floor,  
Opp. Samartheshwar Temple,  
Law Garden, Ellisbridge,  
Ahmedabad – 380 006, Gujarat.  
Website: [www.axisbank.com](http://www.axisbank.com)  
Phone No. : +91-79-6630 6161  
Fax No. : +91-79-2640 9321  
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 / +91-40-6716 2222  
Fax No. : +91-40 – 2300 1153  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

**Contact Persons:**

Shri M.R.V.Subrahmanyam, General Manager (RIS)  
Smt. Varalakshmi, Assistant General Manager (RIS)  
Shri G. Vasanth Rao Chowdhari, Manager (RIS)

16. Remote E-Voting:

- I. In compliance with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the Bank is pleased to provide remote e-voting facility through Karvy, to enable its Members to cast their votes electronically on all the items as set out in this Notice. Remote e-voting is optional.
- II. The Bank has appointed Shri Nimai G. Shah (Membership No. 100932) Partner, Chandabhoy & Jassoobhoy, Chartered Accountants or failing him Shri Gautam N. Shah (Membership No. 012679) Partner, Chandabhoy & Jassoobhoy, Chartered Accountants as the Scrutinizer for conducting the remote e-voting process in a fair and transparent manner.
- III. The voting rights of the shareholders shall be in proportion of their shareholding to the total issued and paid up equity share capital of the Bank as on the cut-off date viz. **Wednesday, 13<sup>th</sup> June 2018**, subject to the provisions of Section 12 of the Banking Regulation Act, 1949 and RBI Circular No. 97/16.13.100/2015-16 dated 12<sup>th</sup> May 2016.
- IV. A person who is not a Member as on the said cut-off date, will not be entitled to vote and should treat this Notice, for information purpose only.
- V. The instructions for remote e-voting, are as under:

● **In case of Members receiving Notice by e-mail:**

- (i) Enter the login credentials (i.e., User ID & Password) mentioned in the e-mail, your Folio No. / DP ID & Client ID will be your USER ID. Please note that the password is an initial password.
- (ii) 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 number, email ID 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, as on the said cut-off date. 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) on or before **Tuesday, 19<sup>th</sup> June 2018**.
- (xiv) The remote e-voting period shall commence on **Saturday, 16<sup>th</sup> June 2018** (9:00 A.M.) and will end on **Tuesday, 19<sup>th</sup> June 2018** (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 **Wednesday, 13<sup>th</sup> June 2018**, may cast their vote electronically. The remote e-voting module shall be disabled by Karvy 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 again at the Meeting.
- (xv) In case of any queries, you may refer to 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.

EVENT (E-Voting Event Number)	USER ID	PASSWORD/PIN

- (ii) Please follow the steps stated at serial Nos. V (ii) to V (xv) above, to cast your vote by electronic means.

- VI. Voting will also be conducted after conclusion of the Meeting by way of Poll, to enable any Shareholder who has not cast their vote through remote e-voting, in accordance with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended.
- VII. 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 in the presence of at least two witnesses not in employment of the Bank and submit not later than 48 hours of the conclusion of the Meeting i.e. not later than **Friday, 22<sup>nd</sup> June 2018**,

a Consolidated Scrutinizer's Report of the total votes cast in favor and against, if any, to any one of the Directors duly authorized by the Board, who shall countersign the same.

- VIII. The Results declared along with the Scrutinizer's Report will be communicated to the Stock Exchanges immediately after the said Results are declared by any one of the Directors duly authorized by the Board in this regard, not later than **Friday, 22<sup>nd</sup> June 2018** and will be uploaded on the Bank's website i.e. [www.axisbank.com](http://www.axisbank.com) and Karvy's website i.e. [www.karvycomputershare.com](http://www.karvycomputershare.com). The Results will also be displayed at the Registered and Corporate Offices of the Bank in accordance with the Secretarial Standards -2 on General Meetings issued by the Institute of Company Secretaries of India.
17. All documents referred to in this Notice and the Explanatory Statements setting out material facts in respect of the item nos. 5 to 12 of the Notice and other Statutory Registers are open for inspection by the Members at the Registered Office of the Bank from 11.00 a.m. to 1.00 p.m. on all working days except Saturdays, Sundays, Public Holidays and National Holidays, from the date hereof upto and including the date of this Meeting.
18. Route Map for the venue of the Meeting is attached herewith, for your ready reference.

**By Order of the Board**

**Place: Mumbai**  
**Date: 16<sup>th</sup> May 2018**

**Girish V. Koliyote**  
**Company Secretary**  
**ACS - 14285**



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 SETTING OUT ALL MATERIAL FACTS RELATING TO SPECIAL BUSINESS AS SET OUT IN ITEMS NOS. 5 TO 12 OF THIS NOTICE**

The following explanatory statement contains the material facts relating to the Special Businesses, as set out in this Notice.

**ITEM NO. 5:**

Pursuant to the recommendation of the Nomination and Remuneration Committee (NRC) of the Board of Directors of the Bank, the Board of Directors of the Bank approved the appointment of Shri Stephen Pagliuca as an Additional Non-Executive (Nominee) Director of the Bank (as a Nominee of entities affiliated to Bain Capital), for a period of four (4) consecutive years, w.e.f. 19<sup>th</sup> December 2017. The said appointment was made pursuant to the nomination received from BC Asia Investments VII Limited, Integral Investments South Asia IV and BC Asia Investment III Limited, who were allotted equity shares and convertible warrants of the Bank on a preferential basis. 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 an Additional Non-Executive (Nominee) Director of the Bank, until the conclusion of the ensuing Annual General Meeting.

The NRC at its Meeting held on 25<sup>th</sup> April 2018 had determined that Shri Stephen Pagliuca is a fit and proper person to be appointed as a Director of the Bank, as per the norms prescribed by the Reserve Bank of India ("RBI"), and that he fulfils the conditions specified in the Companies Act, 2013 and the relevant Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Listing Regulations**") and other rules, guidelines and circulars issued by the RBI, in this regard, from time to time.

The brief profile of Shri Stephen Pagliuca, in terms of the Regulation 36 (3) of the Listing Regulations and the Secretarial Standard on General Meeting (**SS-2**) issued by the Institute of Company Secretaries of India, and details of his remuneration, have been provided as **Annexure 1** to this Notice.

Shri Stephen Pagliuca does not hold any equity shares in the Bank. Shri Stephen Pagliuca is not related to any other Directors or Key Managerial Personnel of the Bank.

Shri Stephen Pagliuca, if appointed, shall not be liable to retire by rotation during the said period. He will be paid sitting fees and profit related commission as approved by the Board and Members, from time to time and within the limits as prescribed under the Companies Act, 2013, the Banking Regulation Act, 1949 and in terms of the Guidelines issued by RBI, in this regard, from time to time.

The Board recommends the passing of the resolution, as set out in Item No.5 of this Notice.

Except for Shri Stephen Pagliuca and his relatives, none of the other Directors and the Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the resolution as set out in Item No. 5 of this Notice.

**ITEM NO. 6:**

Dr. Sanjiv Misra was appointed as an Independent Director of Axis Bank Limited ("**Bank**"), with effect from 12<sup>th</sup> May 2016 and thereafter as the Non-Executive (Part-Time) Chairman of the Bank for a period of three (3) years, with effect from 18<sup>th</sup> July 2016, in terms of the approval granted by the Reserve Bank of India ("**RBI**") and the Members of the Bank.

Dr. Sanjiv Misra has contributed immensely during the deliberations at the meetings of the Board and the Committee held during the year under reference where he is a Member. He has introduced significant measures to enhance standards of governance at the Bank. He brings to the Board his rich experience and insights. The Bank continues to benefit immensely from his leadership and guidance.

Taking into account the profits of the Bank for the financial year ended 31<sup>st</sup> March 2018, the Nomination and Remuneration Committee (NRC) of the Board of Directors of the Bank, at its meeting held on 25<sup>th</sup> April 2018, reviewed the remuneration being paid to Dr. Sanjiv Misra as the Non-Executive (Part-time) Chairman of the Bank, and decided to keep his remuneration unchanged and recommended the same for the approval of the Board.

The Board of Directors of the Bank at its meeting held on 26<sup>th</sup> April 2018, accepted the said recommendation made by NRC and approved the remuneration payable to Dr. Sanjiv Misra as the Non-Executive (Part-time) Chairman of the Bank, for a period of one (1) year, with effect from 18<sup>th</sup> July 2018, subject to the approval of the RBI and the Members of the Bank.

The brief profile of Dr. Sanjiv Misra, in terms of the Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, and details of his remuneration last drawn, have been provided as **Annexure 1** to this Notice. The details of his proposed remuneration have been set out in resolution no. 6 of this Notice.

Dr. Sanjiv Misra does not hold any equity share of the Bank. Dr. Sanjiv Misra is not related to any other Directors or Key Managerial Personnel of the Bank.

The Board recommends the passing of the resolution as set out in Item No. 6 of this Notice.

Except for Dr. Sanjiv Misra and his relatives, none of the other Directors and Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the resolution as set out in Item No. 6 of this Notice.

#### **ITEM NO. 7**

The current term of Smt. Shikha Sharma, Managing Director & CEO of the Bank is due to expire on 31<sup>st</sup> May 2018.

Accordingly, as part of the succession planning process of the Bank, the Nomination and Remuneration Committee (NRC) of the Board of Directors of the Bank at its meeting held on 7<sup>th</sup> December 2017, taking into account the leadership and strategic direction provided by Smt. Shikha Sharma in driving the growth and profitability of the Bank in a complex environment and the overall performance of the Bank, had considered and approved her re-appointment as the Managing Director & CEO of the Bank, for a further period of 3 years, w.e.f. 1<sup>st</sup> June 2018 up to 31<sup>st</sup> May 2021 (both days inclusive) and the terms and conditions relating to the said re-appointment, including remuneration and recommended the same for the approval of the Board.

Pursuant to the said recommendation, the Board Directors of the Bank at its meeting held on 7<sup>th</sup> December 2017, had considered and approved the said re-appointment and the terms and conditions in respect thereof, including remuneration, subject to the approval of the RBI and the Shareholders of the Bank.

At the meeting of the Board of Directors held on 9<sup>th</sup> April 2018, Smt. Shikha Sharma requested the Board that the period of her re-appointment as the Managing Director & CEO of the Bank be revised from 1<sup>st</sup> June 2018 up to 31<sup>st</sup> December 2018. The Board considered her request and approved her re-appointment as the Managing Director & CEO of the Bank from 1<sup>st</sup> June 2018 up to 31<sup>st</sup> December 2018 (both days inclusive) and the terms and conditions relating to the said re-appointment, including remuneration, subject to approval of the RBI and the Shareholders of the Bank, which would also enable the Bank to manage the transition period and ensure orderly succession for the said post. The RBI has granted its approval to the said re-appointment and the terms and conditions in respect thereof, including remuneration.

The NRC, at its meeting held on 16<sup>th</sup> May 2018, reviewed the remuneration being paid to Smt. Shikha Sharma as the Managing Director & CEO of the Bank, in comparison with the remuneration of CEOs of peer group Banks and recommended a revision in her remuneration for the period from 1<sup>st</sup> June 2018 upto 31<sup>st</sup> December 2018 (both days inclusive), for the approval of the Board.

Pursuant to the said recommendation, the Board at its meeting held on 16<sup>th</sup> May 2018 approved the revision in the remuneration by way of salary, allowances and perquisites payable to Smt. Shikha Sharma as the Managing Director & CEO of the Bank, for the period from 1<sup>st</sup> June 2018 up to 31<sup>st</sup> December 2018 (both days inclusive), subject to the approval of the RBI and the Shareholders of the Bank.

The brief profile of Smt. Shikha Sharma, in terms of the Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, and details of her remuneration last drawn, have been provided as **Annexure 1** to this Notice. The details of her proposed remuneration have been mentioned in Resolution no. 7 of this Notice.

Smt. Shikha Sharma held 5,75,000 equity shares of ₹ 2/- each of the Bank as on 31<sup>st</sup> March 2018, allotted to her under the various employee stock option scheme(s) of the Bank. Smt. Shikha Sharma is not related to any other Directors or Key Managerial Personnel of the Bank.

The Board recommends the passing of the resolution, as set out in Item No. 7 of this Notice.

Except for Smt. Shikha Sharma and her relatives, none of the other Directors and the Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the resolution, as set out in Item No. 7 of this Notice.

#### **ITEM NO. 8**

Shri V. Srinivasan was appointed as the Deputy Managing Director of the Bank for a period of three years w.e.f. 21<sup>st</sup> December 2015, in terms of the approval granted by the RBI and the Members of the Bank.

During the year ended 31<sup>st</sup> March 2018, under the leadership of Shri V. Srinivasan, the Bank has shown growth in advances and net interest income. Shri V. Srinivasan has demonstrated his ability to take up higher responsibilities. Shri V. Srinivasan is presently

heading the Corporate Banking Portfolio of the Bank which comprises of Corporate Credit, Treasury & Markets, Small and Medium Enterprise, Business Economic Research, Information Technology & Chief Information Officer, Transaction Banking & International Retail Department, Financial Institution Group, Corporate Client Coverage Group, Strategic Client Coverage Group, Strategic Initiative Group, Structured Finance Group & Stressed Assets, Government Coverage Group, New Economy Group, International Banking, Investor Relations, Finance & Accounts, Business Intelligence Unit, Strategy & New Initiatives.

In light of the above, the Nomination and Remuneration Committee (NRC) of the Board of Directors of the Bank at its meeting held on 16<sup>th</sup> May 2018, reviewed the remuneration being paid to Shri V. Srinivasan as the Deputy Managing Director of the Bank in comparison with the remuneration of Executive Directors of peer group banks and recommended a revision in his remuneration, for the approval of the Board.

Pursuant to the said recommendation of the NRC, the Board of Directors of the Bank at its meeting held on 16<sup>th</sup> May 2018, considered and approved the revision in the remuneration by way of salary, allowance and perquisites payable to Shri V. Srinivasan as the Deputy Managing Director of the Bank, with effect from 1<sup>st</sup> June, 2018, subject to the approval of the Members of the Bank and the RBI.

The brief profile of Shri V. Srinivasan, in terms of the Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, and details of his remuneration last drawn, have been provided as **Annexure 1** to this Notice. The details of his proposed remuneration have been mentioned in resolution no. 8 of this Notice.

Shri V. Srinivasan held 14,00,000 equity shares of ₹ 2/- each of the Bank as on 31<sup>st</sup> March 2018, allotted to him under the various employee stock option scheme(s) of the Bank. Shri V. Srinivasan is not related to any other Directors or Key Managerial Personnel of the Bank.

The Board recommends the passing of the resolution, as set out in Item No. 8 of this Notice.

Except for Shri V. Srinivasan and his relatives, none of the other Directors and Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the resolution, as set out in Item No. 8 of this Notice.

#### **ITEM NO. 9**

Shri Rajiv Anand was appointed as the Executive Director (Retail Banking) of the Bank, for a period of three (3) years, with effect from 4<sup>th</sup> August 2016, in terms of the approval granted by the RBI and the Members of the Bank.

During the year ended 31<sup>st</sup> March 2018, under the leadership of Shri Rajiv Anand, there has been a rapid growth in the Retail businesses of the Bank. Shri Rajiv Anand is presently heading the Retail Banking Portfolio of the Bank, which comprises of Retail Lending, Cards & Acquiring, Branch Banking, Digital Banking & Customer Experience, Marketing, Affluent & NRI Business, Retail Liabilities and Investment Products, Digital Circle and BBPAG.

In view of the above, the Nomination and Remuneration Committee (NRC) of the Board of Directors of the Bank at its meeting held 16<sup>th</sup> May 2018, reviewed the remuneration being paid to Shri Rajiv Anand as the Executive Director (Retail Banking) of the Bank in comparison with the remuneration of Executive Directors of peer group banks and recommended a revision in his remuneration, for the approval of the Board.

Pursuant to the said recommendation of the NRC, the Board of Directors of the Bank at its meeting held on 16<sup>th</sup> May 2018, considered and approved the revision in the remuneration by way of salary, allowance and perquisites payable to Shri Rajiv Anand as the Executive Director (Retail Banking) of the Bank, for a period of one year, with effect from 1<sup>st</sup> June, 2018, subject to the approval of the Members of the Bank and the RBI.

The brief profile of Shri Rajiv Anand, in terms of the Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), issued by the Institute of Company Secretaries of India, and details of his remuneration last drawn, have been provided as **Annexure 1** to this Notice. The details of his proposed remuneration have been mentioned in resolution no. 9 of this Notice.

Shri Rajiv Anand held 5,00,500 equity shares of ₹ 2/- each of the Bank as on 31<sup>st</sup> March 2018, allotted to him under various employee stock option scheme(s) of the Bank. Shri Rajiv Anand is not related to any other Directors or Key Managerial Personnel of the Bank.

The Board recommends passing of the resolution, as set out in Item No. 9 of this Notice.

Except for Shri Rajiv Anand and his relatives, none of the other Directors and the Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the resolution, as set out in Item No. 9 of this Notice.

#### **ITEM NO. 10**

Shri Rajesh Dahiya was appointed as the Executive Director (Corporate Centre) of the Bank, for a period of three (3) years, with effect from 4<sup>th</sup> August 2016, in terms of the approval granted by the RBI and the Members of the Bank.

During the year ended 31<sup>st</sup> March 2018, Shri Rajesh Dahiya, effectively managed the broader role as Head - Corporate Centre and the set of diverse Portfolios which included Internal Audit, Human Resources, Compliance, Company Secretary, Corporate Affairs, Administration, Corporate Real Estate Services, Chief Business Relations Officer (CBRO), Financial Crime Management, Law and Retail & Wholesale Banking Operations. In addition, he also oversees the functioning of the Axis Bank Foundation.

In view of the above, the Nomination and Remuneration Committee (NRC) of the Board of Directors of the Bank at its meeting held on 16<sup>th</sup> May 2018, reviewed the remuneration being paid to Shri Rajesh Dahiya as the Executive Director (Corporate Centre) of the Bank in comparison with the remuneration of Executive Directors of peer group banks and recommended a revision in his remuneration, for the approval of the Board.

Pursuant to the said recommendation of the NRC, the Board of Directors of the Bank at its meeting held on 16<sup>th</sup> May 2018, considered and approved the revision in the remuneration by way of salary, allowance and perquisites payable to Shri Rajesh Dahiya as the Executive Director (Corporate Centre) of the Bank, for a period of one year, with effect from 1<sup>st</sup> June 2018, subject to the approval of the Members of the Bank and the RBI.

The brief profile of Shri Rajesh Dahiya, in terms of the Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, and details of his remuneration last drawn, have been provided as **Annexure 1** to this Notice. The details of his proposed remuneration have been mentioned in resolution no.10 of this Notice.

Shri Rajesh Dahiya held 6,000 equity shares of ₹ 2/- each of the Bank, as on 31<sup>st</sup> March 2018, allotted to him under the various employee stock option scheme(s) of the Bank. Shri Rajesh Dahiya is not related to any other Directors or Key Managerial Personnel of the Bank.

The Board recommends passing of the resolution, as set out in Item No 10 of this Notice.

Except for Shri Rajesh Dahiya and his relatives, none of the other Directors and Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the resolution, as set out in Item No. 10 of this Notice.

#### **ITEM NO. 11**

The Members at the 21<sup>st</sup> Annual General Meeting of Axis Bank Limited ("**Bank**") held on 24<sup>th</sup> July 2015 had approved the borrowing of sums in excess of its paid-up capital, free reserves and securities premium account not exceeding ₹ 1,50,000 crore under Section 180 (1)(c) of the Companies Act, 2013 and Article 54 of the Articles of Association of the Bank.

The balance sheet size and net worth of the Bank have increased significantly since the last revision of the borrowing limit on 24<sup>th</sup> July 2015. Considering the substantial growth in business and operations of the Bank and present and future requirements, approval of the Members is being sought to increase the limit from ₹ 1,50,000 crore to ₹ 200,000 crore, for borrowings (apart from deposits of money accepted from public in the ordinary course of its business, temporary loans repayable on demand or within six months from the date of the loan, if any, obtained from the Bank's bankers) by the Bank, from time to time, under Section 180(1)(c) of the Companies Act, 2013 and Article 54 of the Articles of Association of the Bank. The Board of Directors of the Bank at its meeting held on 26<sup>th</sup> April 2018 has approved this proposal, subject to the approval 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 passing of the special resolution, as set out in Item No. 11 of this Notice.

None of the Directors and the Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the special resolution, as set out in Item No. 11 of this Notice.

**ITEM NO. 12**

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 issue securities, including but not limited to non-convertible debentures ("NCDs"), on a private placement basis, subject to the condition that the proposed offer of debt securities or invitation to subscribe to debt securities has been previously approved by the Members of the company, by means of a special resolution, for each of the offers or invitations. It further provides that in case of an offer or invitation for NCDs, it shall be sufficient if the company passes a special resolution only once in a year for all offer(s) or invitation(s) for issue of such NCDs on a private placement basis, during the period of one (1) year, from the date of passing of such special resolution.

Keeping in view the projections of the Bank 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 issue of debt securities denominated in Indian rupees or any other permitted foreign currency (including but not limited to long term bonds, green bonds, masala bonds, non-convertible debentures, perpetual debt instruments and Tier II capital bonds or such other debt securities as may be permitted under the Reserve Bank of India ("RBI") guidelines from time to time), on a private placement basis and/or for making offers and/or invitations thereof and /or issue(s)/ issuances thereof, on a private placement basis, during the period of one (1) year, from the date of passing of the special resolution.

Considering the above, the Board of Directors of the Bank at its meeting held on 27<sup>th</sup> April 2018 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 securities (including, but not limited to, long term bonds, green bonds, masala bonds, non-convertible debentures, perpetual debt instruments and Tier II capital bonds or such other debt securities as may be permitted under the RBI guidelines, from time to time) in domestic and/ or overseas market, in one (1) or more tranches as per the structure and within the limits permitted by the RBI and other regulatory authorities to eligible investors of an amount not exceeding ₹ 35,000 crore, on a private placement basis, during a period of one (1) year from the date of passing of the special resolution. The said debt securities 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, rates prevailing for risk free instruments, rates on other competing instruments of similar rating and tenor in the domestic or overseas market, investor appetite for such instruments etc., as would be approved by the Board or Committee of the Board. The said limit of ₹ 35,000 crore shall be within the overall borrowing limit of ₹ 200,000 crore as may be approved by the Members of the Bank, under Section 180(1)(c) of the Companies Act, 2013 as set out in Item No. 11 of this Notice.

The Board recommends passing of the special resolution, as set out in Item No.12 of this Notice.

None of the Directors and Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the special resolution, as set out in Item No. 12 of this Notice.

**By Order of the Board**

**Place: Mumbai**  
**Date: 16<sup>th</sup> May 2018**

**Girish V. Koliyote**  
**Company Secretary**  
**ACS - 14285**

**Axis Bank Limited**  
CIN: L65110GJ1993PLC020769

**Registered Office:**  
'Trishul', 3<sup>rd</sup> Floor, Opp. Samaratheshwar Temple,  
Law Garden, Ellisbridge, Ahmedabad – 380 006, Gujarat.  
Website: [www.axisbank.com](http://www.axisbank.com)  
Phone No. : +91 – 79 – 6630 6161  
Fax No. : +91 – 79 – 2640 9321  
Email: [shareholders@axisbank.com](mailto:shareholders@axisbank.com)

## ANNEXURE 1

**BRIEF PROFILE OF DIRECTORS BEING APPOINTED / RE-APPOINTED OR WHOSE REMUNERATION IS BEING REVISED, AS SET OUT IN THIS NOTICE, IN TERMS OF THE REGULATION 36 (3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND THE SECRETARIAL STANDARDS – 2 ON GENERAL MEETINGS, ISSUED BY THE INSTITUTE OF THE COMPANY SECRETARIES OF INDIA.**

### Shri Stephen Pagliuca

Shri Stephen Pagliuca, 63 years, was appointed as an Additional Non-Executive (Nominee) Director of the Bank, with effect from 19<sup>th</sup> December 2017. Shri Pagliuca received a B.A. from Duke University and an M.B.A. from Harvard Business School.

Shri Pagliuca is Co-Chair of Bain Capital, a leading global private investment firm with approximately \$75 billion in assets under management. He also serves as the global head of Bain Capital Private Equity's technology, media, telecommunications and financial services vertical.

Since joining the firm in 1989, Shri Pagliuca has played a leading role in a wide spectrum of prominent technology, media, telecommunications and financial services businesses in which Bain Capital Private Equity has made investments. Prior to joining Bain Capital, Shri Pagliuca was at Bain & Company where he advised many Fortune 500 companies on business strategy and growth initiatives.

Shri Pagliuca is a Managing General Partner and co-owner of the Boston Celtics. He is also active in a number of charitable and civic activities. Shri Pagliuca attended 2 Board Meetings of the Bank during the financial year 2017-18. During the financial year 2017-18, Shri Pagliuca was paid ₹ 2 lacs as sitting fees for attending the said Board meetings.

The details of directorship held by Shri Stephen Pagliuca in other companies, as on 31<sup>st</sup> March 2018, are as under:

Sr. No.	Names of the Companies	Nature of interest
1.	Gartner Inc. (Delaware, USA)	Director
2.	TWCC Holdings Corp. (Virginia, USA)	Director
3.	Virgin Cruises Limited (Bermuda)	Director
4.	Bain Capital, LP (Delaware, USA)	Co-Chairman
5.	Bain Capital Private Equity, LP (Delaware, USA)	Managing Director

### Dr. Sanjiv Misra

Dr. Sanjiv Misra, 70 years, was appointed as the Independent Director of the Bank with effect from 12<sup>th</sup> May 2016 and thereafter as the Non-Executive (Part-Time) Chairman of the Bank with effect from 18<sup>th</sup> July 2016. Dr. Sanjiv Misra graduated in Economics from St. Stephen's College, Delhi. He has a Master's degree in Economics from the Delhi School of Economics, a Master's degree in Public Administration from the Harvard Kennedy School, USA and a Ph. D from the Jawaharlal Nehru University, New Delhi. At Harvard University, he was designated as the Lucius N. Littauer Fellow of 1987, in recognition of exceptional academic strengths and leadership qualities.

Dr. Misra was a member of the Indian Administrative Service for over 35 years during which he held a wide range of key positions in the federal and state governments, including as Managing Director of the Gujarat Industrial Development Corporation and stints at senior levels in the Government of India in the Cabinet Office, the Ministry of Petroleum and the Ministry of Finance. He was a Secretary in the Ministry of Finance till his superannuation in 2008. Subsequently, he served as a Member of the 13<sup>th</sup> Finance Commission, a constitutional position with the rank of a Minister of State.

Dr. Misra has been a Member of the Advisory Council of the Asian Development Bank Institute, Tokyo. He was also a Member of the Committee on Fiscal Consolidation (Kelkar Committee) set up by the Finance Minister in August 2012 to chart out a road map for fiscal consolidation for the Indian economy. He is currently a Member of the Board of Governors of the Indian Council on Research in International Economic Relations (ICRIER), an internationally reputed think tank. Dr. Misra has several publications on policy issues to his credit.

Dr. Misra is a Member of the Risk Management Committee of Directors of the Bank. Dr. Misra attended 9 Board Meetings of the Bank during the financial year 2017-18. During the financial year 2017-18, Dr. Sanjiv Misra was paid ₹ 12 lacs sitting fees for attending



the meetings of the Board/Committee in addition to ₹ 1.83 Lacs paid towards profit related commission for the financial year 2016-17.

The details of the remuneration last drawn by Dr. Misra, (other than sitting fees and profit related commission) as approved by the Reserve Bank of India ("RBI") and the Members of the Bank, are as under:

Particulars	Amount
Remuneration	: ₹ 33,00,000 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.

The details of directorship held by Dr. Sanjiv Misra in other companies, as on 31<sup>st</sup> March 2018, are as under:

Sr. No.	Names of the Companies	Nature of interest
1.	Akzo Nobel India Limited	Director
2.	Hindustan Unilever Limited	Director

The details of Membership in Board Committees held by Dr. Sanjiv Misra in other companies, as on 31<sup>st</sup> March 2018, are as under:

Sr. No.	Names of the Companies	Name of the Committee	Nature of interest
1.	Akzo Nobel India Limited	Audit Committee	Chairman
2.	Hindustan Unilever Limited	Audit Committee	Member

### Smt. Shikha Sharma

Smt. Shikha Sharma, 59 years, is the Managing Director & CEO of Axis Bank, India's third largest private sector Bank. Smt. Sharma joined the Bank on 1<sup>st</sup> June 2009 as the Managing Director & CEO of the Bank. As a leader adept at managing change, she has led the Bank on a transformation journey from a primarily corporate lender to a Bank with a strong retail deposit franchise and balanced lending.

Smt. Sharma has done her B.A. (Hons.) in Economics and completed her Post Graduate Diploma in Business Management from the Indian Institute of Management, Ahmedabad. She has a Post Graduate Diploma in Software Technology from the National Centre for Software Technology, Mumbai.

Smt. Sharma has more than three decades of experience in the financial sector having begun her career with ICICI Ltd. in 1980. During her tenure with the ICICI Group, she was instrumental in setting up ICICI Securities. As Managing Director & CEO of ICICI Prudential Life Insurance Company Ltd., she led the company to become the No. 1 private sector Life Insurance Company in India.

Since 2009, under the leadership of Smt. Sharma as Managing Director & CEO, the Bank's balance sheet has grown 4 times, with a focus on granular advances and deposits. The Bank has expanded its branch network from 835 branches to 3,703 branches (including extension counters) as on 31<sup>st</sup> March 2018. Retail advances which were 20% of the book in March 2009 now stand at 46% of the book. Smt. Sharma has also focused on building the Bank's digital capabilities and the Bank is now recognized as a digital leader. The Bank has also established itself as a leader in debt capital markets, investment banking and is one of the large corporate lenders in the private sector. In recent years, the Bank is focusing towards building capabilities in transaction banking.

Led by Smt. Sharma, the Bank launched several new businesses. The credit cards business, launched in 2010 has a market share of 11%, ranked 4<sup>th</sup> in the industry, the broking business launched in 2011 ranks among the top 5 in number of unique customers traded and Axis Mutual Fund, launched in 2009 ranks among the top 10 mutual funds in India with a market share of over 3%. Axis Capital, the investment banking arm has maintained its leadership position on equity league table over the last decade.

During the financial years 2011-2017, Axis Bank Foundation, the Bank's CSR arm, reached out to more than a million participants taking them to a path of transformation, both economically and socially and is now committed to work with two million households by the year 2025.



As an acknowledgement of her efforts, Harvard Business School has published a case study on Managing Change at Axis Bank in 2013. Smt. Sharma's achievements in the financial sector have received wide recognition. She is a recipient of many business awards notably; she has featured in Fortune Magazine's list of The Most Powerful Women in Business Outside the US – 2017.

Under Smt. Sharma's leadership, the Bank has won several accolades: IDRBT Banking Technology Excellence Award 2016 - 2017 for Digital Banking among Large Banks, FICCI CSR Award 2016-17 in the Women Empowerment Category, Best Rewards Program for the third year in a row at the Loyalty Awards 2017, Best Investment Bank in India (won jointly by Axis Bank and Axis Capital) at the Finance Asia Country Awards 2017, Best Bank 2016 by Business India, Bank of the Year in India by the Banker Awards 2016, Socially Aware Corporate of the Year by Business Standard's Corporate Social Responsibility Awards 2016, Excellence in Corporate Social Responsibility by CII-ITC Sustainability Awards 2016, Best Digital Bank by the Business Today- KPMG survey 2016 and many more. The Bank has been ranked no. 1 arranger for rupee denominated bonds as per Bloomberg for 10 consecutive years. The Bank was also conferred the certificate of recognition for excellence in Corporate Governance by the Institute of Company Secretaries of India (ICSI), for the year 2015.

Smt. Sharma is the Chairperson of Axis Asset Management Company Ltd. and Axis Capital Ltd. She also chairs the CII's National Committee on Banking since 2015. She is a member of Visa's Senior Client Council, APCEMEA (Asia –Pacific, Central Europe, Middle East & Africa).

She was a member of the Reserve Bank of India ("RBI")'s Technical Advisory Committee, RBI's panel on Financial Inclusion, the Committee on Comprehensive Financial Services for Small Businesses and Low-Income Household etc. She has been the Co-Chairperson of FICCI's Banking & Financial Institutions Committee 2013-15.

As on 31<sup>st</sup> March 2018, Smt. Sharma is the Chairperson of the Committee of Whole-time Directors and the Review Committee of the Board. She is also a member of the Special Committee of the Board of Directors for Monitoring of Large Value Frauds, Committee of Directors, Risk Management Committee, Acquisitions, Divestments & Mergers Committee and IT Strategy Committee of Directors of the Bank. Smt. Shikha Sharma attended 9 Board Meetings of the Bank, during the financial year 2017-18.

The details of directorship held by Smt. Shikha Sharma in other companies, as on 31<sup>st</sup> March 2018, are as under:

Sr. No.	Names of the Companies	Nature of interest
1.	Axis Asset Management Company Limited	Chairperson
2.	Axis Capital Limited	Chairperson

Smt. Shikha Sharma is not a Member of any Board Committee in the said companies.

The details of the remuneration last drawn by Smt. Shikha Sharma, as approved by the Members of the Bank and the RBI are as under:

Salary	: ₹ 2,94,53,000 p.a.
House Rent allowance	: ₹ 98,24,000 p.a. (In lieu of Bank's owned/leased accommodation)

All other terms and conditions including perquisites and other allowances being paid to Smt. Shikha Sharma remain unchanged.

### Shri V. Srinivasan

Shri V. Srinivasan, 53 years, joined the Bank on 7<sup>th</sup> September, 2009 as the Executive Director (Corporate Banking). Shri V. Srinivasan was appointed as the Deputy Managing Director of the Bank, w.e.f. 21<sup>st</sup> December 2015. Shri V. Srinivasan is an engineer from the College of Engineering, Anna University, Chennai and completed his Post Graduate Diploma in Business Management, from the Indian Institute of Management, Calcutta in 1990.

Shri V. Srinivasan has more than two decades of experience in the financial services industry and has worked in the areas of Corporate Banking, Investment Banking, Treasury and Foreign Exchange Management. He began his career in the financial service industry with ICICI Ltd., in its Merchant Banking Division in 1990. He was part of the start-up team of ICICI Securities and Finance Company Ltd. (I-Sec), the joint venture between ICICI Limited and J P Morgan and headed its Fixed Income business.

He has served on various Reserve Bank of India ("RBI") Committees such as the Technical Advisory Committee, Committee of Repos and Committee for STRIPS. He has also held the positions of Chairman, Fixed Income Money Market and Derivatives Association of India (FIMMDA) and Chairman, Primary Dealers Association of India (PDAI). Currently, he is a Member of CII National Council of

Services.

Shri V. Srinivasan is a member of the Committee of Directors, Committee of Whole Time Directors and IT Strategy Committee of the Board of Directors of the Bank. Shri V. Srinivasan attended 9 Board Meetings of the Bank, during the financial year 2017-18.

The details of directorship held by Shri V. Srinivasan in other companies, as on 31<sup>st</sup> March 2018, are as under:

Sr. No.	Names of the Companies	Nature of interest
1	Axis Trustee Services Limited	Chairman
2	Axis Finance Limited	Chairman
3	Axis Capital Limited	Director
4	Axis Private Equity Limited	Chairman
5	Axis Bank UK Limited	Chairman
6	A.TREDS Limited	Chairman

Shri V. Srinivasan is not a Member of any Board Committee in the said companies.

The details of the remuneration last drawn by Shri V. Srinivasan, as approved by the Members of the Bank and the RBI, are as under:

Salary	: ₹ 2,08,62,000 p.a.
House Rent allowance	: ₹ 52,14,000 p.a. (In lieu of Bank's owned/leased accommodation)

All other terms and conditions including perquisites and other allowances being paid to Shri V. Srinivasan remain unchanged.

### Shri Rajiv Anand

Shri Rajiv Anand, 52 years, joined the Bank on 1<sup>st</sup> May 2013 from its asset management arm, Axis Asset Management Co. Ltd., where he was the Managing Director & CEO. He was appointed as the President (Retail Banking) and was elevated as the Group Executive (Retail Banking) in 2014. He was appointed as the Executive Director (Retail Banking) of the Bank, w.e.f. 4<sup>th</sup> August 2016. Shri Rajiv Anand is a Commerce graduate and a Chartered Accountant by qualification.

Over a career spanning more than 25 years, Shri Rajiv Anand has focused on various facets of the financial services industry having held key management positions at leading global financial institutions. He is widely recognized for his strengths in capital markets and successfully building new businesses to scale. He has led an award winning investment management team at the erstwhile Standard Chartered AMC. He was Business Standard Debt Fund Manager of the year in 2004.

As on 31<sup>st</sup> March 2018, Shri Rajiv Anand is a Member of the Customer Services Committee, Corporate Social Responsibility Committee, IT Strategy Committee and the Committee of Whole Time Directors of the Bank. Shri Rajiv Anand attended 9 Board Meetings of the Bank, during the financial year 2017-18.

The details of directorship held by Shri. Rajiv Anand in other companies, as on 31<sup>st</sup> March 2018, are as under:

Sr. No.	Names of the Companies	Nature of interest
1	National Payments Corporation of India	Director
2	Axis Securities Limited	Chairman

Shri Rajiv Anand is not a Member of any Board Committee in the said companies.

The details of the remuneration last drawn by Shri Rajiv Anand, as approved by the Members of the Bank and the RBI, are as under:

Salary	: ₹ 1,53,78,368 p.a.
House Rent allowance	: ₹ 50,74,861 p.a. (In lieu of Bank's owned/leased accommodation)

All other terms and conditions including perquisites and other allowances paid to Shri Rajiv Anand remain unchanged.

## Shri Rajesh Dahiya

Shri Rajesh Dahiya, 50 years, joined the Bank on 1<sup>st</sup> June 2010. Before joining the Bank, he was associated with Tata Group for 20 years where he handled various responsibilities across functions such as Human Resources, Manufacturing, Exports, Distribution and Institutional Sales.

Shri Dahiya was appointed as the Executive Director (Corporate Centre) of the Bank, w.e.f. 4<sup>th</sup> August 2016. He is a qualified engineer with a Masters in Management from Punjab University.

As on 31<sup>st</sup> March 2018, Shri Rajesh Dahiya is a Member of the Stakeholders Relationship Committee, Special Committee for Monitoring of Large Value Frauds, Corporate Social Responsibility and Committee of Whole Time Directors of the Bank. Shri Rajesh Dahiya attended 9 Board Meetings of the Bank, during the financial year 2017-18.

The details of other directorship of Shri Rajesh Dahiya in other companies, as on 31<sup>st</sup> March 2018, are as under:

Sr. No.	Names of the Companies	Nature of interest
1	Axis Private Equity Limited	Director

Shri Rajesh Dahiya is not a Member of any Board Committee in the said company.

The details of the remuneration last drawn by Shri Rajesh Dahiya, as approved by the Members of the Bank and the RBI, are as under:

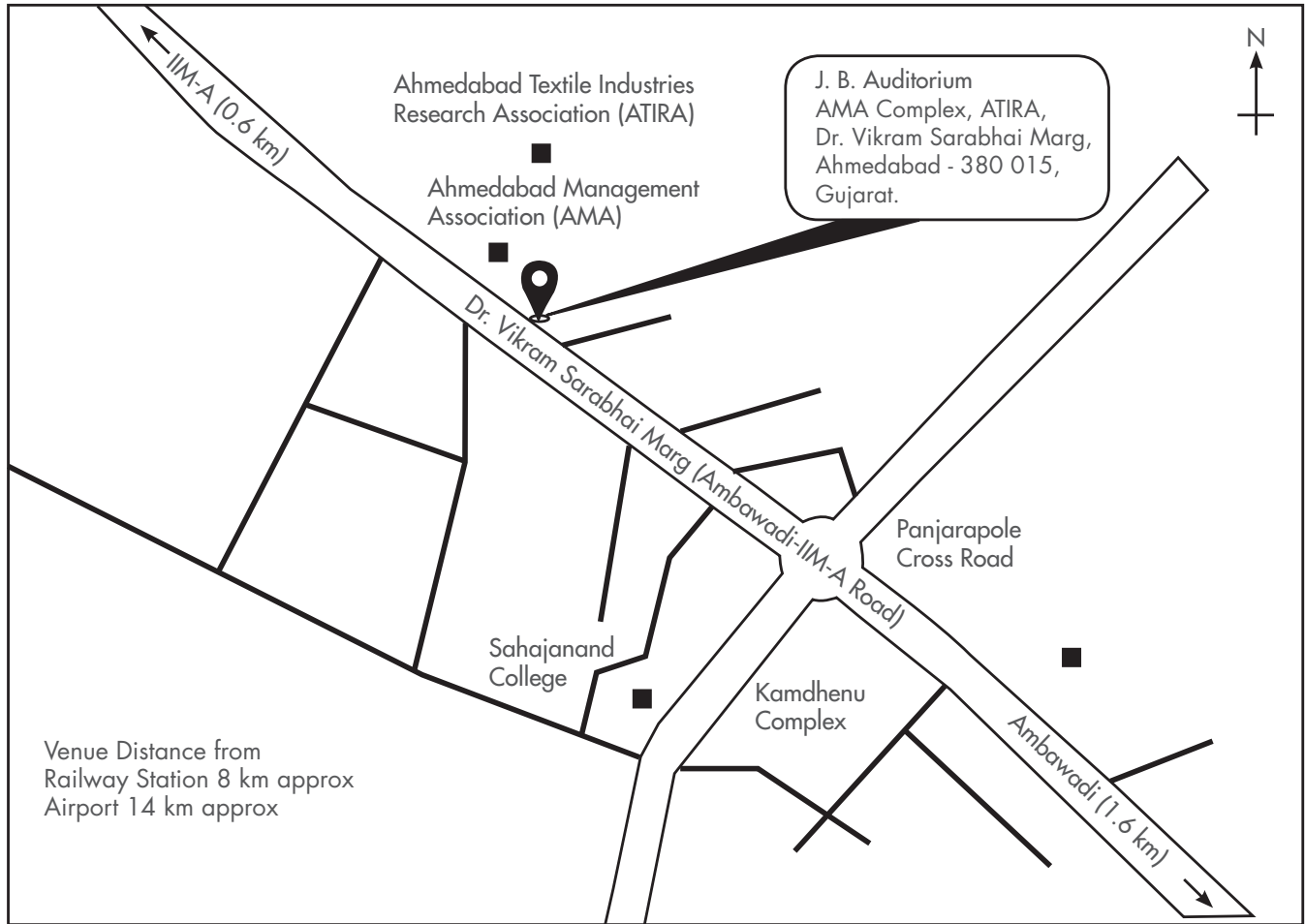
Salary	: ₹ 1,36,64,082 p.a.
House Rent allowance	: ₹ 45,09,147 p.a. (In lieu of Bank's owned/leased accommodation)

All other terms and conditions including perquisites and other allowances being paid to Shri Rajesh Dahiya remain unchanged.

## ROUTE MAP TO THE VENUE OF THE AGM

**Venue:** J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015, Gujarat.

**Landmark:** Near Indian Institute of Management, Ahmedabad.



**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, as amended]

CIN	L65110GJ1993PLC020769
Name of the Company	Axis Bank Limited
Registered Office	'Trishul', 3 <sup>rd</sup> Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad – 380 006. Gujarat. Phone No.: +91-79-6630 6161; Fax No.: +91-79-2640 9321 Email Address: shareholders@axisbank.com; Website Address: www.axisbank.com
Name of the Shareholder(s):	
Registered Address:	
E-mail Address:	
Folio No. / Client ID:	DP ID:

I/We, being the holder(s) of ..... equity shares of the above named company, hereby appoint

1.	Name:	
	Address:	
	E-mail Address:	
	Signature:	or failing him
2.	Name:	
	Address:	
	E-mail Address:	
	Signature:	or failing him
3.	Name:	
	Address:	
	E-mail Address:	
	Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the Company, to be held on **Wednesday, 20<sup>th</sup> June 2018 at 10.00 a.m.** at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015, Gujarat and at any adjournment(s) thereof, in respect of the resolution(s), as indicated below:

Sr. No.	Particulars of Resolutions	Sr. No.	Particulars of Resolutions
1.	To receive, consider and adopt : (a) the audited standalone financial statements of the Bank for the Financial Year ended 31 <sup>st</sup> March 2018 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 2018 and the Report of the Auditors thereon.	2.	Appointment of Director in place of Shri Rajiv Anand (DIN 02541753) who retires by rotation and being eligible, has offered himself for re-appointment.
3.	Appointment of Director in place of Shri Rajesh Dahiya (DIN 07508488), who retires by rotation and being eligible, has offered himself for re-appointment.	4.	Appointment of M/s. Haribhakti & Co. LLP, Chartered Accountants, Mumbai, (Registration Number 103523W/W100048) as the Statutory Auditors of the Bank and to hold office as such from the conclusion of 24 <sup>th</sup> Annual General Meeting until the conclusion of 28 <sup>th</sup> Annual General Meeting and payment of remuneration as may be decided by the Audit Committee of the Board.

Sr. No.	Particulars of Resolutions	Sr. No.	Particulars of Resolutions
5.	Appointment of Shri Stephen Pagliuca as the Non – Executive (Nominee) Director of the Bank, for a period of 4 consecutive years, w.e.f. 19 <sup>th</sup> December 2017.	6.	Payment of remuneration to Dr. Sanjiv Misra (DIN 03075797) as the Non-Executive (Part-Time) Chairman of the Bank, for a period of one year, w.e.f. 18 <sup>th</sup> July 2018.
7.	Re-appointment of Smt. Shikha Sharma (DIN 00043265) as the Managing Director & CEO of the Bank, from 1 <sup>st</sup> June 2018 up to 31 <sup>st</sup> December 2018 (both days inclusive) and the terms and conditions relating to the said re-appointment, including remuneration.	8.	Revision in the remuneration payable to Shri V. Srinivasan (DIN 00033882) as the Deputy Managing Director of the Bank, w.e.f. 1 <sup>st</sup> June 2018.
9.	Revision in the remuneration payable to Shri Rajiv Anand (DIN 02541753) as the Executive Director (Retail Banking) of the Bank, for period of one year, w.e.f. 1 <sup>st</sup> June 2018.	10.	Revision in the remuneration payable to Shri Rajesh Dahiya (DIN 07508488) as the Executive Director (Corporate Centre) of the Bank, for period of one year, w.e.f. 1 <sup>st</sup> June 2018.
11.	Increase in the borrowing limits of the Bank upto ₹ 200,000 crore, under Section 180 (1) (c) of the Companies Act, 2013.	12.	Borrowing / Raising funds in Indian Currency / Foreign Currency by issue of Debt Securities including but not limited to long term bonds, green bonds, masala bonds, non-convertible debentures, perpetual debt instruments and Tier II capital bonds or such other debt securities as may be permitted under the RBI guidelines, from time to time, on a private placement basis, for an amount of upto ₹ 35,000 crore, during a period of one year, from the date of passing of this Resolution.

Signed this ..... day of ..... 2018.

Signature of Shareholder: \_\_\_\_\_

Signature of Proxy holder: \_\_\_\_\_

Affix Revenue  
Stamp

**Note: This form of proxy in order to be effective should be duly stamped, signed, completed in all respects and deposited at the Registered Office of the Bank, not less than 48 hours before the commencement of this Annual General Meeting.**

[illegible]



[illegible]



"Now Papa  
drops me to school  
every day.  
**Thank you**"

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Your support has helped  
Axis Bank Foundation create  
more than a million livelihoods and  
has reunited many families like Appu's.





#### REGISTERED OFFICE

'Trishul', 3<sup>rd</sup> Floor,  
Opp. Samartheshwar Temple,  
Law Garden, Ellisbridge,  
Ahmedabad - 380 006  
Tel. No.: 079-6630 6161  
Fax No.: 079-2640 9321  
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.: 022-2425 2525  
Fax No.: 022-2425 1800



#Progress is not about  
the destination. It's an  
endless journey from one  
milestone to the next...



Follow us for the latest updates  
on Axis Bank, get irresistible  
offers and have your queries  
resolved.



Grab a bucket of popcorn, sit  
back, relax and watch our ads,  
product videos, progress stories  
and a lot more!



Hop onboard our Instagram  
community and set sail on a  
fun, amazing journey of food,  
travel and offers!

## Axis Bank Limited

### Business Responsibility Report 2017-18

(Pursuant to regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"))

#### Introduction:

The Bank has adopted a stakeholder centric Sustainability Framework, aligned to the principles of Business Responsibility as prescribed under the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE) released by Ministry of Corporate Affairs, Government of India, to thrust upon its sustainability agenda. The disclosures made under this report provide transparent and relevant information on the Bank's efforts and performance against the nine principles of Business Responsibility. As a measure of global best practice, the Bank also makes detailed disclosures on its sustainability initiatives and performance through its standalone, annual Sustainability Reports. The previous Reports have been prepared using the reporting frameworks of the Global Reporting Initiative (GRI) and are externally assured. The Bank's third Sustainability Report was published for 2016-17. The Bank's fourth report shall be published for the year 2017-18 in alignment with the GRI and for the first time, in alignment with the Integrated Reporting guidelines of the International Integrated Reporting Council. In accordance with the Securities and Exchange Board of India (SEBI) circular CIR/CFD/CMD/10/2015 dated November 04, 2015, disclosures made under this report are also referenced to the disclosures made under the Bank's Sustainability Report.

The previous Sustainability Reports and Business Responsibility Reports of the Bank can be accessed at <http://www.axisbank.com/csr/reportsNdisclosure.aspx>

Section A: General Information about the Company		
1.	Corporate Identity Number (CIN) of the Company	L65110GJ1993PLC020769
2.	Name of the Company	Axis Bank Limited
3.	Registered address	"TRISHUL", Third Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006
4.	Website	<a href="http://www.axisbank.com">www.axisbank.com</a>
5.	Email id	<a href="mailto:sustainability@axisbank.com">sustainability@axisbank.com</a>
6.	Financial year reported	2017-18
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Section K: Financial and Insurance Activities Code: 64191
8.	Three key products/services of the Company (as in balance sheet)	<ul style="list-style-type: none"> <li>• Deposits</li> <li>• Loans</li> </ul>

		<ul style="list-style-type: none"> <li>Investments and foreign exchange</li> </ul>
9(i).	Number of international locations	10 (including overseas subsidiary)
9(ii).	Number of National locations	3,703 branches/extension counters, 13,814 ATMs
10.	Markets served by the Company – Local/State/National/International/	<p>Domestic: Pan India</p> <p>International: Singapore, Hong Kong, Dubai International Financial Centre (DIFC), Colombo, Shanghai. Representative offices in Dubai, Abu Dhabi, Dhaka and Sharjah, an offshore banking unit in International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar and an overseas banking subsidiary in the United Kingdom.</p>

Section B: Financial Details of the Company		
1.	Paid up capital (₹crores)	513.31
2.	Total turnover (₹crores)	56,747.40
3.	Total profit after taxes (₹crores)	275.68
4.	CSR spend as percentage of profit after tax (%)	1.43% (based on average net profits of last 3 financial years computed as per Section 198 of the Companies Act, 2013)
5.	List of CSR activities	<p>The Bank undertakes various CSR activities in accordance with its 'Policy on Corporate Social Responsibility'. The CSR activities are undertaken by the Bank or through Axis Bank Foundation (ABF), or through any other Trust or agencies and entities as deemed suitable.</p> <p>The primary purpose of the Bank's CSR philosophy is to make a meaningful and measurable impact in the lives of economically, physically and socially challenged communities of the country through an integrated approach of development which focuses on creating sustainable livelihood, promoting education and skills development, creating awareness amongst public at large on public interest topics including financial literacy, facilitating and providing access to formal banking channels for excluded sections, promoting environmental sustainability, and supporting</p>

		<p>health and sanitation initiatives.</p> <p><i>Please refer the Annual Report on CSR Activities in the Statutory Reports section of this Annual Report for detailed information on CSR activities.</i></p> <p><i>Additional information on the Bank's CSR initiatives can be found in the 'Communities' section of the Bank's Sustainability Report 2016-17. The Bank would publish its Sustainability Report 2017-18 which would include its details of its CSR activities.</i></p>
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#### Section C: Other details

1.	Company subsidiaries/joint-ventures	<p>Subsidiary companies as on 31<sup>st</sup> March, 2018:</p> <ul style="list-style-type: none"> <li>I. Axis Asset Management Company Ltd</li> <li>II. Axis Bank UK Limited</li> <li>III. Axis Capital Limited</li> <li>IV. Axis Finance Limited</li> <li>V. Axis Mutual Fund Trustee Limited</li> <li>VI. Axis Private Equity Limited</li> <li>VII. Axis Securities Limited</li> <li>VIII. Axis Trustee Services Limited</li> <li>IX. A.TREDS Limited</li> <li>X. Freecharge Payment Technologies Private Limited</li> <li>XI. Accelyst Solutions Private Limited</li> </ul>
2.	Subsidiaries participating in Company's Business Responsibility (BR) initiatives	All subsidiaries as included in Section C, Response 1.
3.	Other entities ((e.g. suppliers, distributors etc.) participating in Company's BR initiatives	Nil

#### Section D (1): Business Responsibility Information

1.a.	Director responsible for implementation of BR policies, Director Identification Number (DIN)	07508488
	Director responsible for implementation of BR policies (Name)	Mr. Rajesh Dahiya
	Director responsible for implementation of BR policies (Designation)	Executive Director (Corporate Centre)

1.b.	BR Head (DIN, if applicable)	N.A.
	BR Head (Name)	Suresh Warriar
	BR Head (Designation)	Senior Vice President, Corporate Affairs
	BR Head (Telephone number)	+91-22-2425-2525
	BR Head (email id)	<a href="mailto:sustainability@axisbank.com">sustainability@axisbank.com</a>

Section D (2): BR Information - Principle-wise (as per NVGs) BR Policy/Policies (Yes/No)										
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for....#	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify?	Y*	Y*	Y*	Y*	Y*	Y*	-	Y*	Y*
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y**	Y**	Y**	Y**	Y**	Y**	-	Y**	Y**
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	<p>The following policies are available on the Bank's website <a href="http://www.axisbank.com">www.axisbank.com</a></p> <ul style="list-style-type: none"> <li>• Code of Bank's Commitment to Customers</li> <li>• Code of Bank's Commitment to Medium and Small Enterprises (MSE)</li> <li>• Customer Compensation Policy of the Bank</li> <li>• Banker's Fair Practice Code</li> <li>• Grievance Redressal Policy</li> <li>• Code of Conduct and Conflict of Interest Norms in respect of Board of Directors</li> <li>• Code of Conduct &amp; Ethics for Senior Management</li> <li>• Policy on Corporate Social Responsibility</li> <li>• Citizen's Charter – A Charter for Customer Service</li> <li>• Customer Rights Policy</li> </ul>								



		<ul style="list-style-type: none"> <li>• Code of Conduct for Direct Selling Agents</li> <li>• Policy on Related Party Transactions</li> <li>• Comprehensive Deposit Policy</li> <li>• Policy on Collection of Dues and Repossession of Securities</li> <li>• Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)</li> <li>• Policy for lending to Micro Small &amp; Medium Enterprises (MSMEs)</li> <li>• Privacy Policy</li> </ul> <p>The remaining policies being internal documents are only available to the employees through the Bank's intranet.</p> <p>The following policies of the Bank's subsidiaries companies are available on their respective websites as given below:</p> <p>Axis Asset Management Company Limited (<a href="http://www.axismf.com">www.axismf.com</a>)</p> <ul style="list-style-type: none"> <li>• Privacy Policy</li> <li>• Voting Policy</li> </ul> <p>Axis Securities Limited (<a href="http://www.axisdirect.co.in">www.axisdirect.co.in</a>)</p> <ul style="list-style-type: none"> <li>• Privacy Policy</li> <li>• Policies and Procedures Pertaining to Dealing with Clients</li> </ul> <p>Axis Finance Limited (<a href="http://www.axisfinance.co.in">www.axisfinance.co.in</a>)</p> <ul style="list-style-type: none"> <li>• Code of Conduct [Directors and Senior Management]</li> <li>• Fair Practice Code</li> <li>• Privacy Policy</li> <li>• Interest Rate Policy</li> <li>• Policy on Corporate Social Responsibility</li> </ul> <p>Axis Capital Limited (<a href="http://www.axiscapital.co.in">www.axiscapital.co.in</a>)</p> <ul style="list-style-type: none"> <li>• Policy on Inactive Client Accounts</li> <li>• Policy against Circulation of Rumors</li> <li>• Policy on code modification</li> <li>• Citizens Charter</li> <li>• Policy on Corporate Social Responsibility</li> </ul> <p>Axis Trustee Services Limited (<a href="http://www.axistrustee.com">www.axistrustee.com</a>)</p> <ul style="list-style-type: none"> <li>• Policy on Corporate Social Responsibility</li> <li>• Privacy Policy</li> </ul>
7.	Has the policy been formally communicated to all relevant	Yes. Policies have been communicated to all key internal stakeholders of the Bank. The communication

	internal and external stakeholders?	on policies covering all internal and external stakeholders is an on-going process.								
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance re-dressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Head of Departments are responsible for effective implementation of the policies. The Compliance Department monitors the adherence to implementation of policies mandated by RBI.								

Section D: BR Information - Principle-wise (as per NVGs) explanation										
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Not understood the principles. .	-	-	-	-	-	-	-	-	-
2.	Not at a stage where it finds itself in a position to formulate and implement the policies on specified principles . . .	-	-	-	-	-	-	-	-	-
3.	Does not have financial or manpower resources available for the task . . .	-	-	-	-	-	-	-	-	-
4.	Planned to be done within next 6 months . . .	-	-	-	-	-	-	-	-	-
5.	Planned to be done within the next 1 year . .	-	-	-	-	-	-	-	-	-
6.	Other reasons . . .	-	-	-	-	-	-	^Refer to the response below	-	-

^ The Bank along with its subsidiaries works closely with collective trade and industry associations, while there is no specific policy outlined for this principle.

# Principle-wise policies

P1	Compliance Policy, Whistleblower Policy, Anti Money Laundering Policy, Policy on prevention and reporting of frauds, Policy on recognition/rewards for detection of fraud, Code of Bank's Commitment to Customers, Code of Bank's Commitment to Micro and Small Enterprise, Code of Conduct and Ethics, Code of Conduct and Conflict of Interest Norms in respect of Board of Directors, Code of Conduct for Direct Selling Agents, Policy on Related Party Transactions, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)
P2	Code of Bank's Commitment to Micro and Small Enterprise, Sustainable Lending Policy and Procedures, Credit Policy (SME Priority Sector exposures: Concessionary pricing), Policy for lending to Micro Small & Medium Enterprises (MSMEs)
P3	Remuneration Policy, Staff Housing Loan Policy, Staff Rules and Guidelines (covering leave policy, insurance benefits, superannuation scheme etc.), Policy on Prevention of Sexual Harassment, Policy on Safety for Women at Workplace, Policy on Human Rights
P4	Code of Bank's Commitment to Micro and Small Enterprise, Policy on Corporate Social Responsibility Policy, Credit Policy (SME Priority Sector exposures: Concessionary Pricing, ), Policy for lending to Micro Small & Medium Enterprises (MSMEs)
P5	Policy on Human Rights, Code of Conduct and Ethics
P6	Policy on Environment Management
P8	Financial Inclusion practices, Policy on Corporate Social Responsibility
P9	Code of Bank's Commitment to Customers, Code of right sell for liability & investment products, Policy on outsourcing of financial services, Consumer Lending Credit Policy, Information Systems Security Policies, Citizen's Charter – A Charter for Customer Service, Customer Rights Policy, Comprehensive Deposit Policy, Policy on Collection of Dues and Repossession of Securities, Privacy Policy

\* The policies are developed and aligned to applicable compliance requirements, RBI norms and guidelines, requirements of listing agreement with stock exchanges, or the Bank's internal requirements and best practices.

\*\*The policies are approved by the Board of Directors or Committee of the Board of Directors or senior management of the Bank

**Section D (3): BR Governance**

3.a.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The performance on aspects of BR is reviewed by the Bank's Management Committee, headed by its MD & CEO on periodical basis, and at least once a year, is put up to the Board. The Bank's sustainability performance is also reviewed internally by ED – Corporate Centre, along with Head – Corporate Affairs, periodically.
3.b.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes. The Bank publishes both the BR and Sustainability Reports annually. The Reports can be accessed online at <a href="http://www.axisbank.com/csr/reportsNdisclosure.aspx">http://www.axisbank.com/csr/reportsNdisclosure.aspx</a>

## Section E: Principle-wise Performance

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

**1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint-Ventures/Suppliers/Contractors/NGOs/ Others?**

The Bank has put in place a Code of Conduct and Ethics which is applicable to all its employees. The Code articulates the ethical principles and acceptable behaviour that the Bank's employees are expected to demonstrate to uphold the Bank's values. The Code covers aspects related, but not limited, to ethics, accountability, conflict of interest, bribery and corruption. The Bank has also adopted Code of Conduct and Conflict of Interest Norms In Respect of Board of Directors to guide the Board members in ensuring highest ethical standards in managing the affairs of the Bank.

The Bank has adopted Indian Banks' Association's 'Model Code of Conduct for Direct Selling Agents' and is applicable to all persons involved in marketing and distribution of any loan or other financial product of the Bank.

Similar to the Bank, all subsidiaries have set their individual Codes of Conduct for their employees.

The Bank has separate Codes and Policies for its vendors that cover key aspects related to ethics, bribery, corruption, and sustainable best practices.

*For additional information, please refer to the 'Ethics & Risk Management' section of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The Bank has established various channels of communication, including grievance redressal mechanisms, for stakeholders to communicate their expectations and concerns.

The Disclosure of Customer Complaints is included as Note 2.1.33 forming part of the Financial Statements for the Year ended 31 March, 2018.

The details of the investor complaints are as below.

	Pending as on 31.03.2017	Received during 2017-18	Redressed during 2017-18	Pending as on 31.03.2018
Investor complaints	0	1043*	1043	0
Customer complaints	42184	368424	383508	27100

Consumer cases	1391	496	701	1186
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\*includes – 1028 complaints for non-receipt of dividend

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Bank believes that it has a significant role to play in furthering the financial inclusion agenda which is crucial to achieve inclusive growth and equitable development. As on 31 March 2018, the Bank had a network of 3,703 branches/banking outlets as compared to 3,304 in the previous year. Around 47% of the Bank's branches are in rural and semi-urban areas and 78% of the Bank's rural branches are in unbanked locations. Its financial inclusion agenda actively supports India's ambitious and comprehensive financial inclusion plan, including 'Pradhan Mantri Jan Dhan Yojana' (PMJDY). The Bank also supports the distribution of Government insurance and pension schemes as part of the agenda. Under PMJDY, Bank has opened over 0.77 million accounts of which 89% customers have been issued RuPay Cards with a total balance of ₹225 crores. Overall, the Bank has issued 0.85 million Pradhan Mantri Suraksha Bima Yojana (PMSBY) and 0.22 million Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) policies of which, the Bank has registered 599 claims under both insurance scheme. Further, the Bank has actively promoted Atal Pension Yojana (APY) wherein the Bank is ranked first amongst all private sector banks in sourcing of APY. Overall, 0.23 million customers have been enrolled under APY. The Bank has strong presence in remittance and payment services for rural and migratory population, and disbursement of Government benefits through Electronic Benefits Transfer.

Through the Axis Sahyog initiative, the Bank extends microfinance to women for taking up livelihood activities that augment their family income. The 'Asha Home Loans' product caters to the low-income segment seeking loans for affordable housing. Advances under this product increased 40% during last year to stand at '4,371 crores as on 31<sup>st</sup> March, 2018. The Bank's 'Policy for lending to Micro and Small Enterprises (MSEs)' guides the efforts to support MSEs through credit related services. These products and services provide inherent socio-economic benefits leading towards inclusive growth and equitable development.

The Bank is cognizant of its role towards climate action and environmental sustainability and is taking incremental steps to play a change-maker. We have broadened the scope of our 'Sustainable Lending Policy & Procedures' to further reduce ESG risks of qualifying projects and promote low-carbon growth. The Bank continues to support sectors with a positive

climate impact such as renewable energy, waste management and mass rapid transportation, through its lending and investment advisory activities.

*For additional information, please refer to the 'Customers' and 'Environment' sections of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

- i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**
- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Given the nature of the Bank's business activities, which is providing banking products and services, it consumes resources primarily for running its operations. Through varied initiatives, the Bank works towards reducing its resource consumption, mainly paper and grid electricity. In addition, the digitization of its internal processes has aided its efforts.

The introduction of new digital products and services such as mobile banking and wallets, and greater penetration of digital banking in India, has also reduced paper consumption in banking services, as well as the need for customers to travel to branches. The specifics of various initiatives of the Bank towards digital banking and digitization of its internal processes are highlighted in its Sustainability Report, which shall be published for 2017-18.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

Considering the nature of banking products which is service-oriented and not material resource-intensive, sustainable sourcing for the Bank's products is not a material issue for it. However, as a responsible corporate citizen, the Bank endeavours to reduce the environmental impact of its operations. As paper is one of the key materials that the Bank uses, it has made conscious efforts to procure wheat-straw based paper which is environment friendly compared to conventional wood based paper. During the year, the Bank procured 543 tonnes of wheat-straw based paper, which is 46% of the total office paper procurement.

Towards grid electricity consumption, the Bank has in place 5.05 MW of in-house solar power capacity that reduces its dependence on grid electricity, which, in India, remains primarily thermal energy based.

*For additional information, please refer to the 'Environment' sections of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The nature of banking products is service oriented and not material resource intensive, and the Bank does not procure goods for further processing. The manpower services required for offices and branches are generally hired from local agencies wherever applicable. Axis Bank Foundation, through its community development initiatives, helps communities including women entrepreneurs, and local & small producers, through market linkages to sell their produce.

In addition, as the Bank has branches and locations across the country, requirements such as stationary items, food & beverages, or cleaning services, may be procured locally, wherein such procurements abide by the rules and policies laid down by the Bank.

*For additional information, please refer to the 'Communities' section of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The nature of banking products is service oriented and not material resource intensive, and hence recycling of products is not applicable for the Bank's products. The Bank has a recycling program under 'Green Banking' initiative to recycle dry waste collected in offices and branches into note pads, note books and envelopes. Since its inception in August 2011, the program resulted in recycling of 314 tonnes of dry waste into 42510 items viz. notebooks, notepads, envelopes and bookmarks. Last year, the Bank had also installed an organic waste composter to convert the organic (kitchen) waste at Axis House, Mumbai, into compost manure and almost 43 tonnes of wet waste was processed during the year.

*For additional information, please refer to the 'Environment' sections of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*



**Principle 3: Businesses should promote the wellbeing of all employees**

**1. Please indicate the Total number of employees (as at 31.03.2018)**

59,614

**2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis. (as at 31.03.2018)**

11,236

**3. Please indicate the Number of permanent women employees. (as at 31.03.2018)**

13,424

**4. Please indicate the Number of permanent employees with disabilities (as at 31.03.2018)**

40

**5. Do you have an employee association that is recognized by management?**

The Bank does not have an employee union. The Bank respects the right of 'Freedom of Association'. The Bank ensures that all employee grievances are received and addressed through various channels such as H-Response (virtual helpdesk to handle employee queries) or the whistleblower portal.

**6. What percentage of your permanent employees is members of this recognized employee association?**

Not applicable

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

47 complaints related to sexual harassment received during the year.

3 complaints related to sexual harassment pending as at 31.03.2018.

No complaints related to child labour, forced labour, involuntary labour received during the year.

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- Permanent Employees

- **Permanent Women Employees**
- **Casual/Temporary/Contractual Employees**
- **Employees with Disabilities**

The Bank has institutionalised learning and development processes to ensure that employees remain agile, possess relevant skillsets and fulfil their potential. The learning pedagogy employed is a mix of various learning modes such as classroom programs, external programs, certification programs and e-learning modules to facilitate the learning process across all levels. There are role-based and work-level trainings conducted by internal and external faculty, to ensure that the initiative reaches out to the right target group. Platforms like 'Axis Academies' provide employees access to trainings which they can choose and self-start, while 'Axis Business Clinics' has the purpose of empowering the Branch Heads to drive the culture of learning at branch-level, making employees aware of product features and institutionalising processes.

Safety of employees is of utmost importance to the Bank. Periodic communication and alerts are sent to employees on safety related aspects. There are e-learning modules on fire and physical safety which all employees are required to undertake. In addition, fire safety drills and audits are conducted in compliance with all safety regulations and requirements.

Employee type		skill upgradation (no. of employees trained)	skill upgradation (person hours of training)
Permanent Employees	Male	45,269	11,93,031
Permanent Employees	Female	13,475	4,20,277

*For additional information please refer to the 'People' section of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

**1. Has the company mapped its internal and external stakeholders?**

Yes. The Bank engages with myriad stakeholders through formal and informal channels of communication. The Bank has mapped its key stakeholder groups. Also, the Bank has initiated a comprehensive 'Stakeholder Engagement' project through an external agency, the findings of which would be published in the Bank's Sustainability Report for FY 2017-18.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

The Bank engages with vulnerable and marginalised sections of society through its products & services, as well as community engagement initiatives. The Bank and Axis Bank Foundation (ABF) engage with these stakeholders (as defined in the Principle 4 of the NVG-SEE) such as women and girls, persons with disabilities, children, tribal communities, and migrant workers.

The Bank also engages with the disadvantaged and marginalised communities through the Axis Bank Foundation to create a positive impact through community development initiatives.

*For additional information please refer to the 'Sustainability @ Axis Bank' section of the Sustainability Report 2016-17 and similar report shall be published for 2017-18*

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

Through the Rural and Inclusive banking initiatives and specialized products, the Bank focuses on expanding financial literacy and banking for the Bottom of the Pyramid (BOP) to further the national agenda of financial inclusion. As on 31 March 2018, the Bank had a network of 3,703 branches/banking outlets as compared to 3,304 last year. Around 47% of the Bank's branches are in rural and semi-urban areas and 78% of the Bank's rural branches are in unbanked locations.

The Bank provides 'Asha Home Loans' catering to low income segments for affordable housing loan options. Advances under this product increased 40% during last year to stand at '4,371 crores as on 31<sup>st</sup> March, 2018. The 'Axis Sahyog' initiative extends microfinance to

women groups. As part of ABF's financial inclusion initiatives, a total of 13,396 Self Help Groups (SHGs) have been formed with 159,654 women members. These SHGs have recorded a savings of ` 28.95 crores and borrowings of ` 55.30 crores from the formal sector as on 31<sup>st</sup> March 2018. Financial inclusion products such as PMJDY accounts, Government insurance and pension schemes aim to bring millions of stakeholders primarily at the BOP under the ambit of formal banking system. Under PMJDY, Bank has opened over 0.77 million accounts of which 89% customers have been issued RuPay Cards with a total balance of ₹225 crores. Overall, the Bank has issued 0.85 million Pradhan Mantri Suraksha Bima Yojana (PMSBY) and 0.22 million Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) policies of which, the Bank has registered 599 claims under both insurance scheme. Further, the Bank has actively promoted Atal Pension Yojana (APY) wherein the Bank is ranked first amongst all private sector banks in sourcing of APY. Overall, 0.23 million customers have been enrolled under APY. The Bank offers specialised products and services such as Women Savings Accounts, Future Stars Savings Account, Sukanya Samridhi Yojana Accounts and education loans to girl child at reduced interest rates. The Bank's Payment and Remittance services help migrant labour transfer money back to their homes in easy, safe and secure manner. During the year, the Bank bolstered its financial and digital literacy initiatives, especially in rural areas, to educate people on digital and alternate banking channels.

The Bank also engages with the disadvantaged and marginalised communities across India through the Axis Bank Foundation (ABF) and its partners, to create a positive impact through community development initiatives. In FY 2017-18, ABF initiated work with 3,50,316 rural households. During the reporting period, ABF achieved its stated mission of creating 1 million livelihoods well before the stated target completion date of 31 December 2017, of which 63% are women. The Foundation has now committed itself to supporting 2 million households by 2025.

*For additional information please refer to the 'Customers' and 'Communities' section of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*

## **Principle 5: Businesses should respect and promote human rights**

### **1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Bank and its subsidiaries are committed to upholding the dignity of every individual engaged or associated with them. The Bank has put in place a Policy on Human Rights

applicable to all employees to reaffirm its commitment to human rights. The Policy supplements the Bank's Code of Conduct and Ethics that lays down the acceptable employee behavior on various aspects including human rights.

In addition, the Bank ensures its contracts and agreements with external stakeholders such as vendors and CSR partners include pertinent clauses on human rights. The Bank has in place a 'Supplier Code of Conduct' which includes pertinent clauses on human rights, among other requirements.

*For additional information please refer to the 'People' section of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Please refer to response to point no. 2 under Principle 1 for details on stakeholder complaints.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

The Bank has put in place 'Policy on Environment Management' to guide its efforts on managing and reducing environmental impact due to own operations. In addition, the Bank ensures that its contracts and agreements with key external stakeholders including vendors and CSR implementation partners include pertinent clauses on environment.

The Bank has in place a 'Sustainable Lending Policy & Procedures' to include environment and social risk considerations into its corporate lending decisions.

The Bank's CSR focus, as designed in its CSR Policy, also includes environmental sustainability, wherein the Bank, directly or through its implementation partners, works on various positive impact initiatives.

*For additional information please refer to the 'Environment' section of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*

**2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

The Bank, through multi-faceted interventions, continuously strives to enhance the sustainability of its own operations, as well as create positive sustainability-focused impact

among its stakeholders. Climate change mitigation, adaptation and resilience are integral to the Bank's sustainability agenda. Within the Bank, its efforts focus on energy efficiency, use of renewable energy, green procurement (for example, wheat-straw based paper), and waste reduction and management. The Bank has a strong lending portfolio in positive impact sectors including renewable energy, waste management and mass rapid transportation. In addition, the Bank's 'Sustainable Lending Policy and Procedures' integrates environmental and social risk assessment into credit risk framework for qualifying projects. In addition, the Bank focuses on environmental sustainability as elucidated in its CSR Policy.

*For additional information please refer to the 'Environment' section of the Sustainability Report 2016-17 [https://www.axisbank.com/docs/default-source/default-document-library/environment.pdf?sfvrsn=38b3a055\\_0](https://www.axisbank.com/docs/default-source/default-document-library/environment.pdf?sfvrsn=38b3a055_0) and similar report shall be published for 2017-18. The Bank's climate change-related strategy and action are disclosed in its annual CDP Responses, accessible at [www.cdp.net](http://www.cdp.net)*

**3. Does the company identify and assess potential environmental risks?**

Yes. The Bank has identified key environmental risks, which are discussed in the Bank's annual CDP Responses, accessible at [www.cdp.net](http://www.cdp.net).

In addition, through its 'Sustainable Lending Policy & Procedures', the Bank assesses environmental and social risks for a significant portion of its corporate lending portfolio. The details of the Policy are provided in the Bank's Sustainability Report 2016-17.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

None. However, the Bank may have clients with projects linked to CDM.

**5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

The Bank has multipronged approach to enhancing its positive impact, primarily through its lending activities, internal operations, and CSR interventions. Its internal interventions include energy efficiency, solar energy adoption, green procurement, and waste reduction and management. The Bank has 893 branches which are covered under 'Energy Management System' project to improve their energy efficiency through remotely operated systems and a total installed solar power capacity of 5.05 MW across the Bank. The Bank leverages its

digital banking strategy to enhance the digitization of its operations as well as product offerings, which positively correlates with reduction in environmental impact, such as paper usage or avoidance of travel by customers to branches. Customer-focused initiatives towards 'green banking', such as e-statement subscriptions, e-welcome kits or ATM messages instead of transaction slips, further support the Bank's efforts in reducing its environmental impacts.

For additional information please refer to the 'Environment' section of the Sustainability Report 2016-17, [https://www.axisbank.com/docs/default-source/default-document-library/environment.pdf?sfvrsn=38b3a055\\_0](https://www.axisbank.com/docs/default-source/default-document-library/environment.pdf?sfvrsn=38b3a055_0) and similar report shall be published for 2017-18.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes. The Bank ensures all its waste – primarily paper and e-waste, are disposed responsibly across all its locations. At the location where the Bank has diesel generators as back-ups, it has strict processes in place ensuring emissions and noise levels are within permissible limits, and any waste is disposed through third party vendors.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

None

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Bank, along with its subsidiaries, works closely with collective trade and industry associations on pertinent issues. The Bank also participates in key projects and initiatives undertaken by the Government and regulators.

Some of the key trade and industry associations where the Bank and/or its subsidiaries are represented include:

- All India Management Association (AIMA)
- Association of Investment Bankers of India (AIBI)
- Association of Mutual Funds in India (AMFI)
- Association of National Exchanges Members of India (ANMI)

- Associated Chambers of Commerce & Industry of India (ASSOCHAM)
- Bombay Chamber of Commerce and Industry (BCCI)
- BSE Brokers Forum
- Confederation of Indian Industry (CII)
- Data Security Council of India
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Fixed Income Money Market and Derivatives Association (FIMMDA)
- Foreign Exchange Dealers Association of India (FEDAI)
- Indian Banks Association (IBA)
- National Stock Exchange (NSE) Regional Consultative Group
- The India Chief Human Resource Officer's Forum (CHRO)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Through various trade and industry associations, the Bank and its subsidiaries promote policies and initiatives that aim to create an efficient and transparent financial system for the country, enhance financial literacy and improve access of banking system to unbanked and under-banked areas, and support key sectors crucial to nation building and rural development. The Bank promotes integrated development of the industry by sharing and adopting best practices, and participates in key government or regulatory initiatives and engagements.

**Principle 8: Businesses should support inclusive growth and equitable development**

**1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The Bank focuses on expanding financial literacy and banking for the Bottom of the Pyramid (BOP) to further the national agenda of financial inclusion. As on 31 March 2018, the Bank had a network of 3,703 branches/banking outlets as compared to 3,304 last year. Around 47% of the Bank's branches are in rural and semi-urban areas and 78% of the Bank's rural branches are in unbanked locations.

The Bank has put in place 'Policy on Corporate Social Responsibility' to guide its efforts on CSR initiatives that contribute to inclusive growth and equitable development. The primary purpose of the Bank's CSR philosophy is to make a meaningful and measurable impact in



the lives of economically, physically and socially challenged communities of the country through an integrated approach of development which focuses on creating sustainable livelihood, promoting education and skills development, creating awareness amongst public at large on public interest topics including financial literacy, facilitating and providing access to formal banking channels for excluded sections, promoting environmental sustainability, and supporting health and sanitation initiatives.

Axis Bank Foundation, the Bank's CSR arm, supports the sustainable livelihoods program, and achieved its stated mission to create 1 million sustainable livelihoods, of which 63% are women, well before its stated target completion date of December 2017. Partnering with close to 100 NGOs across India, ABF in association with the NGO partners works towards improving livelihood opportunities for rural communities. In FY 2017-18, ABF initiated work with 3,50,316 rural households. The Foundation has now committed itself to supporting 2 million households by 2025. The Foundation's programs also aim to strengthen the role of women in rural economies. As part of ABF's financial inclusion initiatives, a total of 13,396 Self Help Groups (SHGs) have been formed with 1,59,654 women members. These SHGs have recorded a savings of ` 28.95 crores and borrowings of ` 55.30 crores from the formal sector. The activities directly undertaken by the Bank focus on poverty alleviation, rural development through promoting financial literacy and enabling financial inclusion, environmental sustainability, education and skill development. In alignment with the Government's Digital India programme and its impetus on digital financial transactions, the Bank introduced the DigiSupport program as an extension of its ongoing DigiPrayas program, wherein new branches opened in rural or unbanked geographies aim to educate and empower the villagers/local communities around them. These communities are made familiar with mainstream banking products and services, digital banking options, and ways to enhance cashless transactions. In addition, the Bank expands its reach through Business Correspondents (BCs) that promote digital banking through use of micro-ATMs and promote digital financial literacy. During the year, the Bank launched its initiative - 'Connecting Borders', in Kohima, Nagaland by adopting 20 villages where it conducted financial literacy camps.

*For additional information please refer to the 'Customers' and 'Communities' section of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

The Bank undertakes CSR programmes/projects directly or through Axis Bank Foundation or through any other Trust or agencies and entities as it deems suitable.

**3. Have you done any impact assessment of your initiative?**

Axis Bank Foundation conducts impact assessments of its programs by engaging reputed independent agencies / institutions. ABF has also undertaken SROI (Social Return on Investment) studies on key interventions. In addition, ABF also undertakes research on key sustainability issues, such as water security in its project areas. The impacts are published in the Bank's Sustainability Reports, as well as the Foundation's Annual Reports.

During the year, the Bank was rewarded at the FICCI CSR Summit and Awards 2017 in the 'Women Empowerment' category, in recognition of its CSR efforts and impacts created.

*For additional information please refer to the 'Communities' section of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*

**4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

The Bank has spent ₹133.77 crores towards various CSR initiatives during the year 2017-18. The details of the CSR initiatives can be found in Annexure A of the Bank's Annual Report 2017-18.

*For additional information please refer to the 'Communities' section of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Axis Bank Foundation works towards ensuring sustainability of its CSR programs beyond their project periods by creating an enabling environment for community adoption of all such programs. Through its partner NGOs, the Foundation facilitates in empowering community members, for example, through structures such as Women Federations, and through capacity building measures, aimed at making the CSR interventions self-sustaining well beyond their respective project periods.

*For additional information please refer to the 'Communities' section of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

- 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

Please refer the response to the point 2 under Principle 1 for details on customer complaints / consumer cases.

- 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)**

As the Bank operates in highly customer-focused sector, product-related transparency and communications are of highest priority to it. In line with the guidelines of the Reserve Bank of India and service standards set by the Banking Codes and Standards Board of India (BCSBI), the Bank provides transparent information on its products through its website and at its branches. This includes details on product features, service charges and fees applicable. Customers are provided with detailed product information through the "Most Important Document" that every customer is required to read and sign-off along with their account opening/card application forms. Interest rates are published and updated as and when they change, on the website for various deposit schemes. The Bank provides online tools for customers to understand their eligibility, applicable interest rates, and service charges for consumer loan products. SMS alerts are sent to customers when any charges or fees are triggered or levied to their account. Similarly, customers are made aware of free monthly ATM transactions available through SMS alerts.

*For additional information please refer to the 'Customers' section of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*

- 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**

Nil

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

The Bank conducts its annual Customer Satisfaction Survey (CSAT) to assess the perception and expectations of customers on various aspects of its products, services and brand. At the transactional level, Customer Transaction Survey (CTS) is an on-going survey that is conducted within a customer sample to understand their experience with different aspects of their interaction with the Bank. The insights from the surveys are discussed internally and process/product improvements are made based on the feedback received. We also have Customer Service Councils at branch level, relevant feedback from which is discussed during the meetings of customer service committee of the Board.

The Bank's subsidiary, Axis Asset Management Company Limited, through Axis Mutual Fund, seeks feedback from investors on the services provided through EasyCall (toll-free service) facility. Axis Securities Limited conducts customer feedback surveys for active, inactive and High Networth Individuals (HNI) on various aspects of customer service, including quality of research, web interface and trainings.

*For additional information please refer to the 'Customers' section of the Bank's Sustainability Report 2016-17 and similar report shall be published for 2017-18.*