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Progress on...

AXIS BANK

ANNUAL REPORT 2012-13

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The biggest award we could ever win is your delight

Best Bank
CNBC-TV18 India's Best Bank and Financial Institution Awards 2012

Consistent Performer
India's Best Banks – 2012 Survey by Business Today & KPMG

Bank of the Year
Money Today FPCIL Awards 2012-13

Best Bank
Runner Up- Outlook Money Awards 2012

Fastest Growing Large Bank- Dun & Bradstreet
Polaris Financial Technology Banking Awards 2012

Fastest Growing Large Bank
Businessworld Best Banks Survey 2012

Best Domestic Bond House
The Asset Triple A Country Awards 2012 - Our Bank has been honored with this award for the third year in a row.

India Bond House of the year
IFR ASIA - Country Awards 2012

Deal Maker of the Year in Rupee Bonds
Businessworld Magna Awards - India's Best Deal Makers 2012

The Best Emerging Bullion Dealing Bank
9th India International Gold Convention-2011-12

Best Acquiring Institution in South Asia
Visa LEADER Award at Visa's 2012 APCEMEA Security Summit, Bali.

Gold Shield for Excellence in Financial Reporting in the Private Banks category
2011-12 - ICAI (Institute of Chartered Accountants of India)

CONTENTS

MANAGING DIRECTOR & CEO'S LETTER TO THE SHAREHOLDERS

It has been a challenging environment but despite the slowing momentum of growth in the economy, your Bank has reported another consistent performance - reflected in a steady growth of our customer base, widening reach through multiple channels, healthy growth of business and revenues and stable asset quality. It is also an affirmation of the Bank's focus on a balanced growth strategy.

The Bank's retail businesses grew steadily during the year and there was credible growth of both retail deposits and loans, supported by an expanding network that is critical to the retail franchise. We added 325 branches and 1,321 ATMs in FY 2012-13. Your Bank continues to balance growth with profitability and generate value for our stakeholders. This is evidenced by the consistently healthy return on assets and return on equity.

We also have a deep and abiding commitment to the environment and the underprivileged. Towards this end, your Bank has adopted the ambitious goal of facilitating the creation of one million sustainable livelihoods by 2017 in partnership with reputed organizations in the field.

During the current financial year, your Bank undertook a successful equity capital raising exercise and global and domestic investors have invested ₹5,537 crores in the Bank. We are grateful to all the investors who have reposed confidence in us.

Looking ahead, we are optimistic about the future and we believe that your Bank is positioned to adapt suitably to challenges and capitalise on emerging opportunities in the economy. I truly appreciate your support and association with the Bank and remain committed to delivering value to all our stakeholders.

Shikha Sharma

24th April, 2013

BOARD OF DIRECTORS*

Sanjiv Misra	Chairman
Shikha Sharma	Managing Director & CEO
K. N. Prithviraj	Director
V. R. Kaundinya	Director
S. B. Mathur	Director
Prasad R. Menon	Director
R. N. Bhattacharyya	Director
Samir K. Barua	Director
A. K. Dasgupta	Director
Som Mittal	Director
Ireena Vittal	Director
Rohit Bhagat	Director
Somnath Sengupta	Executive Director & Head (Corporate Centre)
V. Srinivasan	Executive Director & Head (Corporate Banking)
P. J. Oza	Company Secretary

THE CORE MANAGEMENT TEAM

R. K. Bammi	Executive Director (Retail Banking)
P. Mukherjee	President – Large Corporate and International Banking
S. S. Bajaj	President & Chief Audit Executive
Vinod George	President – Wholesale Banking Operations
M. V. Subramanian	President – Rural & Inclusive Banking
S. K. Mitra	President – Distribution
B. Gopalakrishnan	President – Law
Bapi Munshi	President & Chief Risk Officer
C. Babu Joseph	President – Executive Trustee & CEO – Axis Bank Foundation
Sanjeev K. Gupta	President & Chief Financial Officer
V. K. Bajaj	President – Mid Corporates & SME
Sidharth Rath	President – Treasury & Business Banking
A. R. Gokulakrishnan	President – Wholesale Banking Operations (Designate)
Rajendra D. Adsul	President – SME
R. V. S. Sridhar	President – IT & Retail Operations
Lalit Chawla	President – Corporate Credit
Rajesh Kumar Dahiya	President – Human Resources
Sharad Bhatia	President – Stressed Assets
Rajiv Anand	President – Retail Banking
Jairam Sridharan	President – Consumer Lending

*as on 24th April 2013

M/s Deloitte Haskins & Sells — Auditors
Chartered Accountants

M/s Karvy Computershare Private Limited — Registrar and Share Transfer Agents
UNIT: AXIS BANK LIMITED
Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081.
Tel. No. : 040-23420815 to 23420824 Fax No. : 040-23420814

Registered Office
'Trishul', 3rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006.
Tel. No. : 079-2640 9322 Fax No: 079-2640 9321
Email: p.oza@axisbank.com,sanjeev.kapoor@axisbank.com,rajendra.swaminarayan@axisbank.com
Web site : www.axisbank.com

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

SNAP SHOT OF KEY FINANCIAL INDICATORS : 2009 - 2013

(₹ in crores)

FINANCIAL HIGHLIGHTS	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	CAGR (5 Years)
Total Deposits	117,374.11	141,300.22	189,237.80	220,104.30	**252,613.59**	23.58%
- Savings Bank Deposits	25,822.12	33,861.80	40,850.31	51,667.96	**63,777.73**	26.13%
- Current Account Deposits	24,821.61	32,167.74	36,917.09	39,754.07	**48,322.10**	19.24%
Total Advances	81,556.77	104,340.95	142,407.83	169,759.54	**196,965.96**	26.98%
- Retail Advances	16,051.78	20,820.73	27,759.23	37,570.33	**53,959.79**	31.75%
Total Investments	46,330.35	55,974.82	71,991.62	93,192.09	**113,737.54**	27.54%
Shareholders' Funds	10,213.59	16,044.45	18,998.83	22,808.54	**33,107.86**	30.44%
Total Assets/Liabilities	147,722.05	180,647.85	242,713.37	285,627.79	**340,560.66**	25.46%

Net Interest Income	3,686.21	5,004.49	6,562.99	8,017.75	**9,666.26**	30.18%
Other Income	2,896.88	3,945.78	4,632.13	5,420.22	**6,551.11**	29.55%
Operating Revenue	6,583.09	8,950.27	11,195.12	13,437.97	**16,217.37**	29.92%
Operating Expenses	2,858.21	3,709.72	4,779.43	6,007.10	**6,914.24**	26.26%
Operating Profit	3,724.88	5,240.55	6,415.69	7,430.87	**9,303.13**	33.11%
Provisions and Contingencies	1,909.52	2,726.02	3,027.20	3,188.66	**4,123.70**	28.99%
Net Profit	1,815.36	2,514.53	3,388.49	4,242.21	**5,179.43**	37.06%

FINANCIAL RATIOS	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013
Earnings Per Share (Basic) (in ₹)	50.61	65.78	82.95	102.94	**119.67**
Book Value (in ₹)	284.50	395.99	462.77	551.99	**707.50**
Return on Equity	19.93%	19.89%	20.13%	21.22%	**20.51%**
Return on Assets	1.44%	1.67%	1.68%	1.68%	**1.70%**
Capital Adequacy Ratio (CAR)	13.69%	15.80%	12.65%	13.66%	**17.00%**
Tier I Capital (CAR)	9.26%	11.18%	9.41%	9.45%	**12.23%**
Dividend Per Share (in ₹)	10.00	12.00	14.00	16.00	**18.00**
Dividend Payout Ratio	23.16%	22.57%	19.78%	18.15%	**19.06%**

HIGHLIGHTS

Profit after tax up 22.09% to ₹5,179.43 crores

Net Interest Income up 20.56% to ₹9,666.26 crores

Fee & Other Income up 14.59% to ₹5,796.51crores

Deposits up 14.77% to ₹252,613.59 crores

Demand Deposits up 22.62% to ₹112,099.83 crores

Advances up 16.03% to ₹196,965.96 crores

Retail Assets up 43.62% to ₹53,959.79 crores

Network of branches and extension counters increased from 1,622 to 1,947

Total number of ATMs went up from 9,924 to 11,245

Earnings per share (Basic) increased from ₹102.94 to ₹119.67

Proposed Dividend up from 160% to 180%

Capital Adequacy Ratio stood at 17.00% as against the minimum regulatory norm of 9%

Tier - I Capital Adequacy Ratio up from 9.45% to 12.23%

DIRECTORS' REPORT: 2012-13

The Board of Directors is pleased to present the Nineteenth Annual Report of the Bank together with the Audited Statement of Accounts, Auditors' Report and the report on business and operations of the Bank for the financial year ended 31st March 2013.

FINANCIAL PERFORMANCE

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

(₹ in crores)

PARTICULARS	2012-13	2011-12	GROWTH
Deposits	252,613.59	220,104.30	14.77%
Out of which			
• Savings Bank Deposits	63,777.73	51,667.96	23.44%
• Current Account Deposits	48,322.10	39,754.07	21.55%
Advances	196,965.96	169,759.54	16.03%
Out of which			
• Retail Advances	53,959.79	37,570.33	43.62%
• Non-retail Advances	143,006.17	132,189.21	8.18%
Total Assets/Liabilities	340,560.66	285,627.79	19.23%
Net Interest Income	9,666.26	8,017.75	20.56%
Other Income	6,551.11	5,420.22	20.86%
Out of which			
• Trading Profit (1)	754.60	361.56	108.71%
• Fee and other income	5,796.51	5,058.66	14.59%
Operating Expenses (excluding depreciation)	6,562.51	5,664.86	15.85%
Profit before Depreciation, Provisions and Tax	9,654.86	7,773.11	24.21%
Depreciation	351.73	342.24	2.77%
Provision for Tax	2,373.26	2,045.63	16.02%
Other Provisions and Write offs	1,750.44	1,143.03	53.14%
Net Profit	5,179.43	4,242.21	22.09%
Appropriations:			
Transfer to Statutory Reserve	1,294.86	1,060.55	22.09%
Transfer to Investment Reserve	53.46	-	-
Transfer to Capital Reserve	141.46	51.90	172.56%
Transfer to Reserve Fund	2.61	-	-
Proposed Dividend	987.24	770.08	28.20%
Surplus carried over to Balance Sheet	2,699.80	2,359.68	14.41%

(1) Excluding Merchant Exchange Profit

KEY PERFORMANCE INDICATORS	2012-13	2011-12
Interest Income as a percentage of working funds*	8.90%	8.71%
Non-Interest Income as a percentage of working funds*	2.15%	2.15%
Net Interest Margin	3.53%	3.59%
Return on Average Net Worth	20.51%	21.22%
Operating Profit as a percentage of working funds*	3.05%	2.94%
Return on Average Assets	1.70%	1.68%
Profit per employee**	₹14.58 lacs	₹14.34 lacs
Business (Deposits less inter-bank deposits + Advances) per employee**	₹12.15 crores	₹12.76 crores
Net non-performing assets as a percentage of net customer assets***	0.32%	0.25%

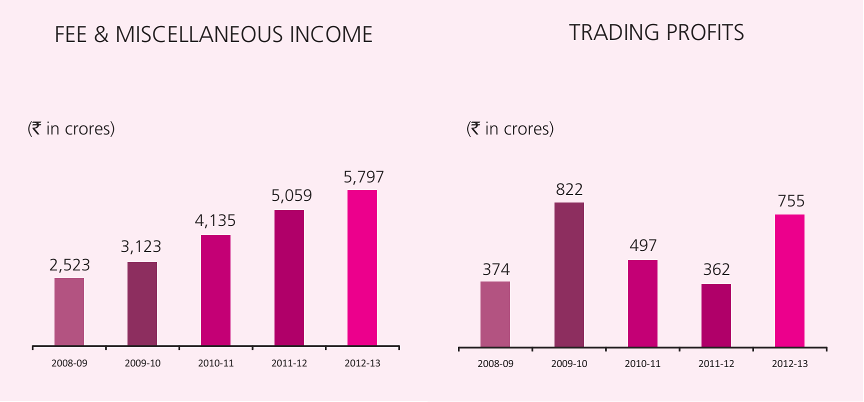
* Working funds represent average total assets.

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

*** Customer assets include advances and credit substitutes.

Previous year figures have been re-grouped wherever necessary.

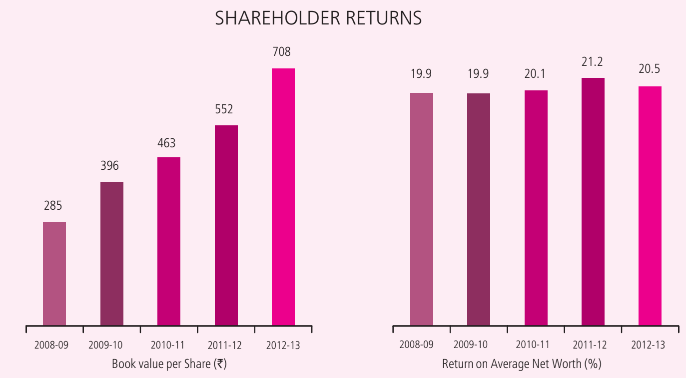
The Bank continued to grow steadily, both in business and earnings, in an increasingly competitive financial market and reported a net profit of ₹5,179.43 crores for the year ended 31st March 2013, registering a growth of 22.09% over the net profit of ₹4,242.21 crores last year. The strong performance in earnings resulted from the robust growth across all segments. During the year, the Bank's total income increased by 23.05% to reach ₹33,733.68 crores, compared to ₹27,414.86 crores last year. Operating revenue during this period increased by 20.68% to ₹16,217.37 crores while operating profit increased by 25.20% to ₹9,303.13 crores. The growth in earnings may be attributed to the performance of the Bank's core income streams: net interest income (NII), fee and other income. NII increased by 20.56% to ₹9,666.26 crores from ₹8,017.75 crores last year. Fee, trading and other income increased by 20.86% to ₹6,551.11 crores from ₹5,420.22 crores last year. The increase in earnings was partly offset by an increase in operating expenses by 15.10% to ₹6,914.24 crores.

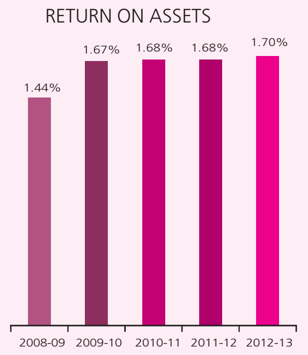


During the year under review, the growth in NII is attributable to an expansion in the balance sheet size and healthy low-cost Current Account and Savings Bank (CASA) deposits. During the year, the total earning assets on a daily average basis increased by 22.64% to ₹273,738 crores, compared to ₹223,206 crores last year. A steady growth of low-cost CASA deposits, which on a daily average basis increased to ₹80,941 crores from ₹70,845 crores, helped in containing the cost of funds, which had risen over the period due to the hardening of interest rates on term deposits. Overall, the daily average cost of funds in the year increased to 6.55% from 6.28% last year. During the year, the cost of deposits increased to 6.73% from 6.47% last year primarily due to an increase in cost of term deposits by 18 basis points (from 8.92% to 9.10%). During the same period, the yield on earning assets increased by 9 basis points to 9.75% from 9.66% last year.

Other income comprising fees, trading profit and miscellaneous income increased by 20.86% to ₹6,551.11 crores in 2012-13 from ₹5,420.22 crores last year and constituted 40.40% of the operating revenue of the Bank. Fee income constituted 34.04% of the operating revenue of the Bank and increased by 16.80% to ₹5,520.93 crores from ₹4,726.94 crores last year. The Bank earns fee income from a diverse set of products and businesses such as client-based merchant foreign exchange trade, transaction banking (including cash management services), syndication and placement fees, processing fees from loans and commission on non-funded products (such as letters of credit and bank guarantees), inter-change fees on ATM-sharing arrangements and fee income from the distribution of third-party personal investment products. During the year, proprietary trading profits increased by 108.71% to ₹754.60 crores from ₹361.56 crores last year. Miscellaneous income decreased by 16.92% to ₹275.58 crores from ₹331.72 crores last year mainly due to lower recoveries of loans/investments written-off in earlier years. During the year, such recoveries accounted for ₹268.51 crores.

As a result, the operating revenue of the Bank increased by 20.68% to ₹16,217.37 crores from ₹13,437.97 crores last year. The core income streams (NII, fee and miscellaneous income) now constitute 95.35% of the operating revenue, reflecting the sustainability of the Bank's earnings. Operating expenses increased by 15.10% to ₹6,914.24 crores from ₹6,007.10 crores last year, largely as a result of the growth of the Bank's network and other infrastructure required for supporting the existing and new businesses. The Cost to Income ratio of the Bank was 42.63% compared to 44.70% last year.

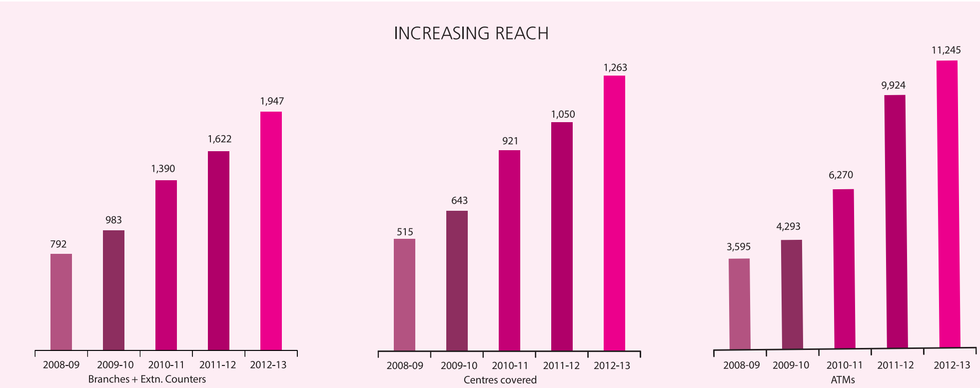




During the year, the operating profit of the Bank increased by 25.20% to ₹9,303.13 crores from ₹7,430.87 crores last year. During this period, the Bank created total provisions (excluding provisions for tax) of ₹1,750.44 crores compared to ₹1,143.03 crores last year. The Bank provided ₹1,179.22 crores towards non-performing assets compared to ₹860.43 crores last year and ₹196.68 crores towards provision for standard assets compared to ₹150.30 crores last year. The Bank also provided ₹103.95 crores compared to ₹88.86 crores last year against restructured assets. The Bank has also created a contingent provision of ₹375 crores against advances and other exposures as a prudent measure. During 2012-13, the Bank restructured loans of ₹2,110.09 crores. The ratio of Gross NPAs to gross customer assets was 1.06% compared to 0.94% last year and Net NPA ratio (Net NPAs as percentage of net customer assets) was 0.32% compared to 0.25% last year. With higher levels of provisions built over and above regulatory norms during the year, the Bank has maintained its provision coverage to 79.15% (after considering prudential write-offs).

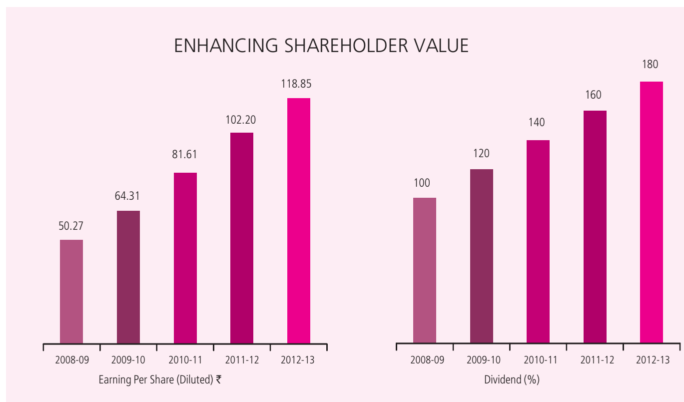
The healthy growth in business and revenue has been reflected in a set of financial parameters and ratios during the year. Basic Earnings Per Share (EPS) was ₹119.67 compared to ₹102.94 last year, while the Diluted Earnings Per Share was ₹118.85 compared to ₹102.20 last year. Return on Equity (RoE) was 20.51% compared to 21.22% last year and Book Value Per Share increased from ₹551.99 to ₹707.50. Return on Assets (RoA) is 1.70% compared to 1.68% last year. The net interest margin (NIM) for the year was 3.53% compared to 3.59% last year.

The Bank displayed healthy growth in several key balance sheet parameters for the year ended 31st March 2013. The balance sheet size increased by 19.23% to ₹340,561 crores on 31st March 2013 from ₹285,628 crores on 31st March 2012. As on 31st March 2013, the total deposits of the Bank stood at ₹252,614 crores against ₹220,104 crores last year, increasing by 14.77% over last year. Savings Bank deposits increased by 23.44% to ₹63,778 crores, while Current Account deposits increased by 21.55% to ₹48,322 crores. Low-cost demand deposits: Current Accounts and Savings Bank (CASA) deposits were ₹112,100 crores as on 31st March 2013 as compared to ₹91,422 crores last year, rising 22.62% over the year. As on 31st March 2013, CASA deposits constituted 44.38% of total deposits as compared to 41.54% last year. On a daily average basis, Savings Bank deposits increased by 20.26% to ₹52,243 crores, while Current Account deposits increased by 4.73% to ₹28,698 crores. The percentage share of CASA in total deposits, on a daily average basis, was 36.28% compared to 37.65% last year. In order to broaden the term deposit base, the Bank continued to focus on increasing the share of retail term deposits in total term deposits. As on 31st March 2013, the retail term deposits grew 24.37% and stood at ₹59,531 crores, constituting 42.37% of the total term deposits compared to 37.20% last year. Total advances of the Bank were ₹196,966 crores as on 31st March 2013, increasing by 16.03% from ₹169,760 crores as on 31st March 2012. Of this, corporate advances (comprising large, infrastructure and mid-corporate accounts) increased 7.89% to ₹98,239 crores and SME loans increased 25.75% to ₹29,922 crores. Agricultural lending (including micro finance) stood at ₹14,845 crores, decreasing 14.39% over the last year. Retail loans increased by 43.62% to ₹53,960 crores. The percentage share of retail loans to total advances has increased to 27.40% from 22.13% last year. The retail loan portfolio continues to be focused on secured products. However, a diversification into multi-product portfolio continued during the year. Secured loans accounted for 87.14% of the total retail loans. The total investments of the Bank increased by 22.05% to ₹113,737 crores and investments in government and approved securities, held mainly for SLR requirement, increased by 23.89% to ₹72,518 crores. Other investments, including corporate debt securities, increased by 18.93% to ₹41,219 crores. As on 31st March 2013, the total assets of the Bank's overseas branches stood at ₹37,152 crores, constituting 10.91% of the Bank's total assets.



The Bank continued to enlarge its distribution network by widening its geographical reach, which is seen to be critical for tapping low-cost CASA deposits, lending to retail, agriculture and SME segments and the distribution of third-party products. During the year under review, the Bank added 325 new branches, taking the total number of branches and extension counters (ECs) to 1,947, of which 883 branches/ECs are in semi-urban and rural areas and 1,064 branches are in metropolitan and urban areas. The Bank is present in all the States and Union Territories (except Lakshadweep), covering a total of 1,263 centres. The Bank also increased its ATM network to 11,245, as compared to 9,924 ATMs last year. Apart from this, the Bank has an overseas presence in the form of branches at Singapore, Hong Kong, DIFC (Dubai International Financial Centre) and Colombo and representative offices at Shanghai, Dubai and Abu Dhabi.

CAPITAL & RESERVES



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 capital through a Qualified Institutional Placement (QIP) and a preferential allotment of equity shares to the promoters of the Bank. The Bank mobilised an aggregate of ₹5,537.47 crores through this offering, by issuing 34,000,000 equity shares through a QIP offering and 5,837,945 shares to promoters (Life Insurance Corporation of India, General Insurance Corporation of India, New India Assurance Company Limited, National Insurance Company Limited and United India Insurance Company Limited) in order to maintain their percentage shareholding of the Bank's promoters at the pre-QIP offering levels. The equity shares offered under the QIP offering and preferential allotment were both priced at ₹1,390 per share.

During the year, the Bank also raised capital of ₹2,500 crores by way of sub-ordinated bonds (unsecured redeemable non-convertible debentures) qualifying as Tier II capital. 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) of 17.00% at the end of the year, well above the benchmark requirement of 9% stipulated by Reserve Bank of India (RBI). Of this, Tier I CAR was 12.23% against 9.45% last year, while the Tier II CAR was at 4.77% against 4.21% last year. During the year, a total of 2,822,571 equity shares were allotted to employees of the Bank/subsidiary companies pursuant to exercise of options under its Employee Stock Option Scheme. The paid-up capital of the Bank rose to ₹467.95 crores, as compared to ₹413.20 crores last year. The shareholding pattern of the Bank as of 31st March 2013 was as under:

Sr. No.	Name of Shareholders	% of Paid-up Capital
i.	Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	20.78
ii.	Life Insurance Corporation of India (LIC) [1]	9.26
iii.	General Insurance Corporation and four PSU insurance companies	3.84
iv.	Overseas investors (including FIIs/OCBs/NRIs)	41.13
v.	Foreign Direct Investment (GDR issue)	8.16
vi.	Other Indian financial institutions/mutual funds/banks	4.50
vii.	Others	12.33
	Total	**100.00**

[1] As per Benpos dated 31st March 2013, save and except 43,335,460 shares equivalent to 9.26% of the total paid-up capital of the Bank held by LIC, all other holdings are not considered for arriving at the Promoter's shareholding

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

DIVIDEND

The Diluted Earnings Per Share (EPS) for 2012-13 rose to ₹118.85 from ₹102.20 last year. In view of the overall performance of the Bank and the objective of rewarding shareholders with cash dividends while retaining capital to maintain a healthy capital adequacy ratio to support future growth, the Board of Directors has recommended a higher dividend of ₹18.00 per equity share, compared to ₹16.00 per equity share declared last year. This dividend shall be subject to tax on dividend to be paid by the Bank. This increase reflects our confidence in the Bank's ability to consistently grow earnings over time.

BOARD OF DIRECTORS

During the year, some changes in the composition of the Board of Directors have taken place. The term of Dr. Adarsh Kishore as non-executive Chairman of the Bank ended on 7th March 2013. Dr. Sanjiv Misra, former Secretary, Department of Expenditure, Ministry of Finance, Government of India, former member of Finance Commission and nominee of the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI) was appointed as the non-executive Chairman with effect from 8th March 2013. Reserve Bank of India vide its letter dated 6th March 2013 has granted approval for the appointment of Dr. Sanjiv Misra as the Chairman of the Bank.

Shri Somnath Sengupta and Shri V. Srinivasan who were inducted in the Board, took charge as the Executive Directors of the Bank with effect from 15th October 2012. Smt. Ireena Vittal, Independent Strategic Advisor was appointed as an Additional Independent Director of the Bank with effect from 3rd November 2012. Shri Rohit Bhagat, former Chairman, Asia Pacific, BlackRock Inc. was appointed as an Additional Independent Director of the Bank with effect from 16th January 2013. Smt. Rama Bijapurkar ceased to be a director with effect from 17th January 2013 on completion of her term of eight years pursuant to provisions of section 10A(2A)(i) of the Banking Regulation Act, 1949. The Board of Directors places on record its deep appreciation and gratitude to Dr. Adarsh Kishore for his valuable contribution as Chairman of the Bank. The Board also places on record its appreciation to Smt. Rama Bijapurkar for the valuable services rendered by her during her tenure as Director of the Bank.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Bank, Shri S. B. Mathur, Shri Prasad R. Menon and Shri R. N. Bhattacharyya retire by rotation at the Nineteenth Annual General Meeting and, being eligible, offer themselves for re-appointment as Directors of the Bank.

SUBSIDIARIES

As on 31st March 2013, the Bank has seven subsidiaries: Axis Capital Ltd. (formerly Axis Securities and Sales Ltd.), Axis Finance Private Ltd. (formerly Enam Finance Private Ltd.), Axis Private Equity Ltd., Axis Trustee Services Ltd., Axis Asset Management Company Ltd., Axis Mutual Fund Trustee Ltd., and Axis U.K. Ltd.

Axis Capital Ltd. was primarily in the business of marketing of credit cards and retail asset products and also provides retail broking services. Pursuant to receipt of regulatory approvals to the Revised Scheme of Arrangement, certain businesses of Enam Securities Private Ltd. were demerged into Axis Capital Ltd., with effect from 20th October 2012. Consequently, Axis Capital Ltd. now also provides services relating to investment banking, equity capital markets, institutional stock broking, mergers and acquisition, etc. During the year, the Bank also acquired the entire share capital of Axis Finance Private Ltd., a wholly owned subsidiary of Axis Capital Ltd., and pursuant to such acquisition, Axis Finance Private Ltd. has become a direct subsidiary of the Bank. Axis Finance Private Ltd., is a NBFC and carries on the activities of loan against shares, margin funding, IPO financing etc. Axis Private Equity Ltd. primarily carries on the activities of managing equity investments and provides venture capital support to businesses. Axis Trustee Services Ltd. is engaged in trusteeship activities (e.g. acting as debenture trustee and as trustee to various securitisation trusts). Axis Asset Management Company Ltd. undertakes the activities of managing the mutual fund business. Axis Mutual Fund Trustee Ltd. was formed to act as the trustee for the mutual fund business. Axis U.K. Ltd. had filed an application with the Financial Services Authority (FSA), UK for a banking license and to create the necessary infrastructure for banking business. Till the 31st March 2013, pending receipt of the approval, it did not commence operations. Approval has been received from the FSA on the 19th April, 2013 to commence banking operations and subsequently, the name of the Company has been changed to Axis Bank UK Ltd.

In terms of the General Circular No. 2/2011 dated 8th February 2011 issued by the Ministry of Corporate Affairs, Government of India, the copies of Directors' Reports, Auditors' Reports and the financial statements of the seven subsidiaries have not been attached to the accounts of the Bank for the financial year ended 31st March 2013. Any shareholder who may be interested in obtaining a copy of the aforesaid documents may write to the Company Secretary at the Registered Office of the Bank. These documents will also be available for examination by shareholders of the Bank at its Registered Office. The documents related to individual subsidiaries will similarly be available for examination at the respective registered offices of the companies. In line with the Accounting Standard 21 (AS 21) issued by the Institute of Chartered Accountants of India, the consolidated financial results of the Bank along with its subsidiaries for the year ended 31st March 2013 are enclosed as an Annexure to this report.

EMPLOYEE STOCK OPTION PLAN (ESOP)

The Bank has instituted an Employee Stock Option Scheme to enable its employees and the employees of its subsidiaries including Whole-time Directors, to participate in the future growth and financial success of the Bank. Under the Scheme 40,517,400 options can be granted to employees. The employee stock option scheme is in accordance with the Securities and Exchange Board of India (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999. The eligibility and number of options to be granted to an employee is determined on the basis of the employee's work performance and is approved by the Board of Directors.

Over the period February 2001 to June 2010, the Bank's shareholders approved plans for the issuance of stock options to employees on five occasions. Under the first two plans and upto the grant made on 29th April 2004, the option conversion price was set at the average daily high-low price of the Bank's equity shares traded during the 52 weeks preceding the date of grant at the Stock Exchange which has had the maximum trading volume of the Bank's equity share during that period. Under the third plan and with effect from the grant made by the Bank on 10th June 2005, the pricing formula has been changed to the closing price on the day previous to the grant date. The Remuneration and Nomination Committee granted options under these plans on twelve occasions: 1,118,925 during 2000-01, 1,779,700 during 2001-02, 2,774,450 during 2003-04, 3,809,830 during 2004-05, 5,708,240 during 2005-06, 4,695,860 during 2006-07, 6,729,340 during 2007-08, 2,677,355 during 2008-09, 4,413,990 during 2009-10, 2,915,200 during 2010-11, 3,268,700 during 2011-12 and 2,516,000 during 2012-13. The options granted, which are non-transferable, vest at rates of 30%, 30% and 40% on each of three successive anniversaries following the grant, subject to standard vesting conditions, and must be exercised within three years of the date of vesting. As of 31st March 2013, 27,190,658 options had been exercised and 10,865,025 options were in force.

Other statutory disclosures as required by the revised SEBI guidelines on ESOPs are given in the Annexure to this report.

CORPORATE GOVERNANCE

The Bank is committed to achieve the highest standards of corporate governance, and it aspires to benchmark itself with international best practices in this regard. The corporate governance practices followed by the Bank are enclosed as an Annexure to this report.

The Bank has adopted a major part of the recommendations contained in the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs and is examining the possibility of implementing the remaining recommendations.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby declares and confirms that:

- The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanations have been furnished, relating to material departures.
- Accounting policies have been selected and applied consistently and reasonably, and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Bank and of the Profit and Loss of the Bank for the financial year ended 31st March 2013.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies (Amendment) Act, 2000, for safeguarding the assets of the Bank, and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.
- The Bank has in place a system to ensure compliance of all laws applicable to the Bank.

STATUTORY DISCLOSURE

Considering the nature of activities of the Bank, the provisions of Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to the Bank. The Bank is, however, constantly pursuing its goal of technological upgradation in a cost-effective manner for delivering quality customer service.

The statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the rules hereunder is given in an Annexure appended hereto and forms part of this report. In terms of Section 219(1)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Bank.

BUSINESS RESPONSIBILITY REPORT

The Securities and Exchange Board of India (SEBI) through its circular CIR/CFD/DIL/8/2012 dated 13th August 2012 has mandated the inclusion of Business Responsibility (BR) Report as part of the Annual Report for top 100 listed entities based on market capitalisation at Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) as on 31st March 2012. The Business Responsibility Report of the Bank has been enclosed as an Annexure to this report.

AUDITORS

M/s Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Bank will retire on the conclusion of the Nineteenth Annual General Meeting and are eligible for re-appointment, subject to the approval of Reserve Bank of India and the shareholders. As recommended by the Audit Committee of the Board, the Board of Directors has proposed the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors for the financial year 2013-14. The shareholders are requested to consider their appointment on the remuneration to be decided by the Audit Committee of the Board.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Place : Mumbai **Sanjiv Misra**
Date : 24th April, 2013 **Chairman**

ANNEXURE

STATUTORY DISCLOSURES REGARDING ESOP
(FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2013)

Options Granted	42,407,590
Options Exercised & Shares Allotted*	27,190,658
Options lapsed/cancelled	4,351,907
Total Options (in force) as on 31st March, 2013	10,865,025
Options Vested	5,372,105
Money realised by exercise of options (₹ in lacs)	83,801.94

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

Other details are as under:	
Pricing Formula	Fixed Price i.e. The average daily high – low price of the shares of the Bank traded during the 52 weeks preceding the date of grant at that stock exchange which has had the maximum trading volume of the Bank's share during that period. For options granted on and after 10th June 2005, the exercise price considered is the closing market price as on the day preceding the date of the grant at that stock exchange which has had the maximum trading volume of the Bank's share.
Variation in terms of ESOP	None
Details of options granted:	
• Employee wise details of grants to Senior managerial personnel	Managing Director & CEO : 675,000 options Executive Director & Head (Corporate Centre): 403,880 options ** Executive Director & Head (Corporate Banking): 290,000 options **
• Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year	Managing Director & CEO : 200,000 options
• Identified employees who were granted options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank under the grant	None
Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	₹118.85 per share
Weighted average exercise price of Options whose:	
• Exercise price equals market price	Weighted average exercise price of the stock options granted during the year is ₹1,086.65.
• Exercise price is greater than market price	Nil
• Exercise price is less than market price	Nil

** Represent options granted prior to appointment as Executive Director

Weighted average fair value of Options whose:	
• Exercise price equals market price	Weighted average fair value of the stock options granted during the year is ₹387.24.
• Exercise price is greater than market price	Nil
• Exercise price is less than market price	Nil
Fair Value Related Disclosure	
• Increase in the employee compensation cost computed at fair value over the cost computed using intrinsic cost method	₹117.08 crores
• Net Profit, if the employee compensation cost had been computed at fair value	₹5,062.35 crores
• Basic EPS, if the employee compensation cost had been computed at fair value	₹116.97 per share
• Diluted EPS, if the employee compensation cost had been computed at fair value	₹116.16 per share
Significant Assumptions used to estimate fair value	
• Risk free interest rate	8.14% to 8.33%
• Expected life	2 to 4 years
• Expected Volatility	35.92% to 50.25%
• Dividend Yield	1.20%
• Price of the underlying share in the market at the time of option grant	₹1,086.65

MANAGEMENT'S DISCUSSION AND ANALYSIS

MACRO-ECONOMIC ENVIRONMENT

Fiscal 2012-13 saw Gross Domestic Product (GDP) growth falling to 5.0% from 6.2% in the previous year. Persisting high inflation, macro-economic imbalances, including fiscal and current account deficits resulted in a tight monetary policy stance for much part of the year. Investment dropped sharply due to high interest rates and project implementation bottlenecks resulting in the growth slowdown. A decline in the country's exports – the result of declining domestic competitiveness and a slowing global economy, together with high imports has led to deterioration in the Current Account Deficit (CAD). Reduced capital inflows also led to a sharp depreciation of the Rupee.

Subsidies rose to 2.6% in fiscal 2012-13 from 1.4% of GDP in the previous year, with both the fiscal deficit and inflation remaining at elevated levels. As part of the process of reforms and with a view to restoring investor confidence, the government has taken a number of measures since September 2012 including the partial de-regulation of diesel prices, capping of subsidies of LPG and liberalisation of FDI in multi-brand retail and aviation. The government has made fiscal discipline a key objective and the deficit for fiscal 2013-14 has been budgeted at 4.8% of GDP, lower than 5.2% declared for the previous year.

Credit growth fell to less than 15% and in the absence of fresh investments and monetary policy easing in fiscal 2013-14 may slow down further. Deposit growth in the banking sector, which remains the primary channel of financial intermediation, also witnessed a slowdown in fiscal 2012-13. Aggregate deposits outstanding were ₹67.51 lac crores as on 22nd March 2013 growing 14.3% year-on-year while non-food bank credit grew 14% to ₹51.66 lac crores.

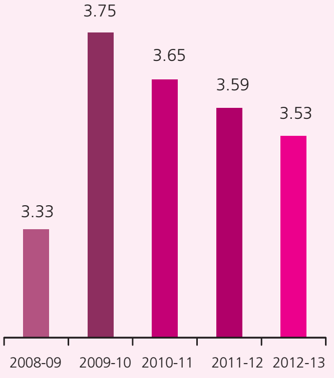
Prospects for Fiscal 2013-14

Moderate global economic recovery and measures to revive domestic growth are likely to improve economic conditions and sentiment in India in fiscal 2013-14. Core inflation is likely to decline gradually and remain range-bound thereafter. India's Current Account Deficit (CAD) is likely to reduce gradually as a result of the measures initiated by the government and the RBI. Improvement in exports will act as a further impetus to domestic growth. The steps taken to revive investment, including monetary policy easing and liquidity infusion and progressive infrastructure de-bottlenecking is likely to increase capacity expansion. Recent measures by the government, including actions by the Cabinet Committee on Investments (CCI) and prospective award of road contracts is likely to boost the projects being implemented. As a result, GDP may potentially rise to around 6% in fiscal 2013-14.

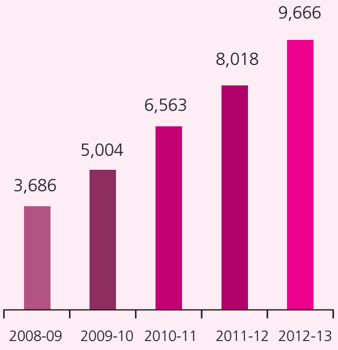
With households re-allocating their savings from physical to financial assets and with improvement in financial performance by corporates, higher foreign capital inflows as well as better cash management by the government, it is hoped that there will be an increase in financial savings that would support deposit growth and improve systemic liquidity. For fiscal 2013-14, we expect deposit growth to be 14-15% and non-food bank credit to be around 15-16%. The challenging conditions have enabled Indian corporates to become more competitive and efficient that will help them benefit from a cyclical upturn.

OVERVIEW OF FINANCIAL AND BUSINESS PERFORMANCE

In a year in which the banking sector in the country has faced increasing strain, from tight liquidity conditions, hardening interest rates, slowdown in capital expenditure, rising delinquencies and high incidence of assets being restructured, the Bank has reported a strong performance, sustained by its fundamental strengths - a sound infrastructure in the form of a well laid-out retail franchise and a large number of corporate relationships.

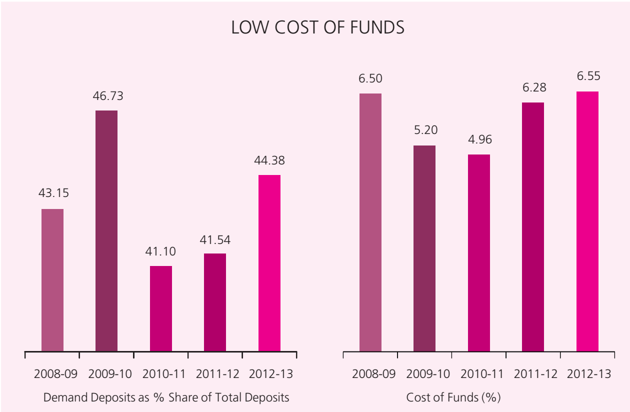


Net Interest Margins (%)



Net Interest Income (₹ in crores)

The Bank has registered robust growth in both business and revenues. The total assets of the Bank as on 31st March 2013 were ₹340,561 crores, increasing 19.23% over the year, with the total deposits of the Bank rising 14.77% to ₹252,614 crores and the total advances rising 16.03% to ₹196,966 crores as on 31st March 2013. During the year, the total income of the Bank increased 23.05% to ₹33,734 crores, while operating revenue increased 20.68% to ₹16,217 crores. The net profit rose 22.09% to ₹5,179 crores from ₹4,242 crores in the previous year.



The Bank continued to create shareholder value, as a result of which the diluted earnings per share for the year increased to ₹118.85 from ₹102.20 last year, while the book value per share increased to ₹707.50 from ₹551.99 last year.

CAPITAL MANAGEMENT

The Bank has consistently provided superior returns to its shareholders by using capital efficiently in supporting business growth. The capital management framework is driven by the objective of ensuring an appropriate mix of business, with optimal allocation of capital.

Investor interest in the Bank continued to be strong, from both domestic and foreign institutional entities. In order to strengthen its core capital base, the Bank raised equity capital aggregating ₹5,537.47 crores during the year through a Qualified Institutional Placement and a preferential allotment of shares to its promoters. The Bank also raised Tier II Capital of ₹2,500 crores in the form of sub-ordinated bonds (unsecured redeemable non-convertible debentures) to augment the overall capital base.

The Bank has implemented the Revised Framework of the International Convergence of Capital Measurement and Capital Standards in 2008. In terms of RBI guidelines on Basel II, the capital charge for credit and market risk for the financial year ended 31st March 2013 is required to be maintained at the higher levels as required under Basel II or 80% of the minimum capital requirement computed under Basel I. In terms of regulatory guidelines on Basel II, the Bank has computed capital charge for operational risk under the Basic Indicator Approach and the capital charge for credit risk under the Standardised Approach. As on 31st March 2013, the Bank's Capital Adequacy Ratio (CAR) under Basel II was 17.00% against 13.66% on 31st March 2012 and the minimum regulatory requirement of 9%. Of this, the Tier I Capital Adequacy Ratio was 12.23%, while the Tier II Capital Adequacy Ratio was 4.77%. The following table sets forth the capital, risk-weighted assets and capital adequacy ratios computed as on 31st March 2013 and 31st March 2012 in accordance with the applicable RBI guidelines under Basel II.

(₹ in crores)

AS ON 31ST MARCH	2013	2012
Tier I Capital – Shareholders' Funds	31,596.80	21,886.11
Tier II Capital	12,334.32	9,758.84
Out of which		
- Bonds qualifying as Tier II capital	10,036.66	7,737.52
- Upper Tier II capital	1,446.53	1,374.74
- Other eligible for Tier II capital	851.13	646.58
Total Capital qualifying for computation of Capital Adequacy Ratio	43,931.12	31,644.95
Total Risk-Weighted Assets and Contingencies	258,355.49	231,711.39
Total Capital Adequacy Ratio (CAR)	17.00%	13.66%
Out of above		
- Tier I Capital	12.23%	9.45%
- Tier II Capital	4.77%	4.21%

During the year, the RBI issued guidelines on implementation of Basel III capital regulation in India. These guidelines are to be implemented beginning 1st April 2013 in a phased manner and will stand fully implemented as on 31st March 2018. These guidelines cover the new capital regulations and the liquidity risk management framework. The Bank has taken appropriate steps to ensure adoption of these guidelines within the timeframe stipulated by RBI. The liquidity guidelines have been integrated into the asset liability management framework of the Bank through suitable amendments in order to ensure adherence to RBI guidelines on monitoring and management of liquidity including liquidity ratios.

BUSINESS OVERVIEW

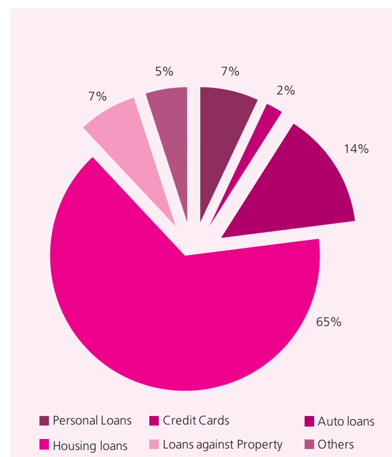
An overview of various business segments along with the performance during 2012-13 and their future strategies is presented below.

RETAIL BANKING

The Bank aims to increase its share in the financial services sector by continuing to build a strong retail franchise. The segment continues to be one of the key drivers of the Bank's growth strategy, encompassing a wide range of products delivered through multiple channels to customers. The Bank offers a complete suite of products across deposits, loans, investment solutions, payments and cards and is committed to developing long-term relationships with its customers by providing high-quality services.

The Bank pursues an effective customer segmentation strategy, the success of which is reflected in the fact that Savings Bank deposits grew at a Compounded Annual Growth Rate (CAGR) of 26.13% over the last five years. During the year, Savings Bank deposits grew 23.44% to ₹63,778 crores from ₹51,668 crores last year. On a daily average basis, Savings Bank deposits grew 20.26% to ₹52,243 crores. The Bank has also maintained its approach in increasing the proportion of Retail Term Deposits. On the 31st March 2013, retail term deposits grew 24.37% year-on-year to ₹59,531 crores, constituting 42.37% of total term deposits, compared to 37.20% last year.

Likewise, the Bank continued to focus on increasing its share of retail loans in total advances. The retail loans of the Bank grew 43.62% to ₹53,960 crores as on 31st March 2013 from ₹37,570 crores last year. Retail loans constituted 27.40% of the Bank's total advances as on 31st March 2013, compared to 22.13% last year of which secured loans accounted for 87%. The distribution of specific portfolios within the Retail loan segment as on 31st March 2013 was as follows: home loans - 65%, loans against property - 7%, auto loans - 14%, personal loans and credit cards - 9%.



The Bank sources retail loans through 120 Asset Sales Centres operating out of 96 cities with standardised appraisal and oversight mechanisms. Retail loans are also originated from 1,183 branches through which one-third of incremental retail loans are currently sourced. The cards business is an integral part of the Bank's retail strategy with ever-increasing numbers of transactions moving to the electronic mode. The Bank is one of the largest debit card issuers in the country, with a base of 142.9 lacs, which rose from 124.99 lacs at the end of last year. With more than a million cards in force, the Bank is now the sixth largest credit card issuer in the country. The Bank has also emerged as one of the largest acquirers in the country with an installed base of 2.16 lac point-of-sale terminals. During the year, the Bank also launched mobile POS.

To Indians living and working overseas, the Bank offers a complete suite of banking and investment products under its NRI Services. The Bank has 49 branches authorised to issue Portfolio Investment Scheme (PIS) permissions to NRIs/PIOs who wish to trade in the Indian secondary markets through registered stock brokers on recognised stock exchanges. To support the business, the Bank has launched a 24x7 integrated helpdesk for NRI customers with the facility of toll-free numbers from key geographies. As on 31st March 2013, the Bank's aggregate NRI deposits (Savings + Term Deposits) stood at ₹13,104 crores against ₹8,624 crores last year. The Bank also offers products in the area of retail forex and remittances, including travel currency cards, inward and outward wire transfers, travellers cheques and foreign currency notes, remittance facilities through online portals as well as through collaboration with correspondent banks, exchange houses and money transfer operators. The Bank continued to have a market leadership position in Travel Currency Cards with 11 currency options other than INR being offered. The Bank is planning to introduce two new currency options New Zealand Dollar (NZD) and Thai Baht (THB). Additionally, the Bank also launched a multi-currency card specifically aimed at corporates and business travellers. The aggregate load value on Travel Currency Cards crossed USD 3 billion during the year.

'Axis Bank Privée', a business vertical offers private banking solutions to meet the personalised investment needs of high net worth individuals as well as the corporate advisory needs of families in business. Axis Bank Privée brings solutions offered by various business groups (retail and corporate) within the Bank and various group entities under one integrated platform.

The Bank also distributes third party products such as mutual funds, Bancassurance products (life and general insurance), online trading and gold coins through its branches. The Bank is one of the leading banking distributors of mutual funds in India and distributes mutual fund products of all major asset management companies. These products are sold through the Bank's branch distribution network based on client requirements. The Bank also distributes life insurance products of Max Life Insurance Company and during the year, it sold more than 1.86 lac policies with a premium mobilisation of ₹790.62 crores. During the year, the Bank entered into an arrangement with Tata AIG General Insurance Company Limited to distribute general insurance products. The Bank offers online trading services to its customers in collaboration with Axis Capital Ltd. (a 100% subsidiary of the Bank) under the name Axis Direct, an enhanced and simplified Online Trading platform which is now available to NRI customers. During the year, 148,390 online trading accounts were opened, taking the total number online trading accounts to 297,069 as on 31st March 2013. The Bank also sold gold and silver bars to retail and corporate customers under the brand 'Mohur' through its branches.

During the year, the Bank added 325 branches spread across 279 centres. The Bank added 1,321 ATMs during the year to reach a network size of 11,245 as on 31st March 2013 compared to 9,924 ATMs last year. The Bank has deployed 550 Automated Deposit Machines (for cash deposits into customer accounts) and has extended this facility 24X7 in certain branches which have integrated self-service lobbies. Besides the ATM network, internet banking, mobile banking and phone banking have developed as important alternate channels of the Bank.

CORPORATE CREDIT

In the backdrop of a subdued macro-economic environment, capital expenditure by corporates remained lacklustre during the year. Loans for working capital and the drawdown on committed sanctions in existing projects under implementation contributed to the growth in corporate credit during the year. The corporate credit portfolio of the Bank comprising advances to large and mid-corporates (including infrastructure) grew 7.89% to ₹98,239 crores from ₹91,053 crores last year. This includes advances at overseas branches amounting to ₹29,972 crores (equivalent to USD 5.52 billion) comprising mainly the portfolio of Indian corporates and their subsidiaries as also trade finance. The advances at overseas branches accounted for 15.22% of total advances. The Bank's infrastructure business includes project and bid advisory services, project lending, debt syndication, project structuring and due diligence, securitisation and structured finance.

The Bank has introduced a relationship model, focusing on cross-selling a wide range of products to corporates. Fee-based business through loan syndication, trade finance and treasury business continued to grow. The Bank's sectoral approach to credit continued to achieve greater efficiency with increased attention on identifying sector-specific opportunities. Portfolio composition is being continuously monitored by tracking industry, group and company-specific exposure limits. The internal and external rating of the credit facilities of customers is undertaken and monitored on ongoing basis with the entire lending portfolio of the Bank being internally rated.

The mid-corporate group continues to be an important business franchise of the Bank with an asset book of ₹20,010 crores as on 31st March 2013, registering a growth of 15.23% over last year. In view of the macro economic scenario, exposure was confined to industries with a positive outlook only after evaluation of relevant credit risk factors with the objective of booking better-rated exposures.

TREASURY

The Bank has an integrated Treasury, which covers both domestic and global markets and funds the balance sheet across geographies. It plays an important role in the sovereign debt markets and participates in primary auctions of RBI. It also actively participates in the secondary government securities and corporate debt market. Over the last few years, the Bank has emerged as one of the leading banks providing foreign exchange and trade finance services. Through its various verticals, the Treasury serves customers across various industries, segments and regions. The foreign exchange and money market group under Treasury is an active participant in the inter-bank/financial institutions space. It also maintains proprietary positions to generate trading income for the Bank. An active Balance Sheet Management group within Treasury takes care of asset-liability mismatches and interest rate sensitivities of the Bank's portfolio. The interest rates and derivatives group provides derivative solutions to customers for its balance sheet and currency exposures. The Global Financial Institutions Division (GFID) group in Treasury is responsible for fostering business relationships with financial institutions across geographies and undertakes foreign currency fund raising.

The Bank continued to be a dominant player in placement and syndication of Rupee denominated debt. During the year, the Bank arranged debt aggregating to ₹145,461 crores and retained its top position in arranging Rupee denominated debt for the fifth consecutive calendar year as per Bloomberg and also as per PRIME Database for the nine months ended December 2012. During the calendar year 2012, the Bank won the Best Domestic Bond House in India by The Asset Triple A Country Awards by Asset Magazine, India Bond House by the IFR Asia, and Deal Maker of the year by Business World Magazine.

BUSINESS BANKING

Business Banking offers transactional banking services, leveraging upon the Bank's network and technology. Its initiatives focus on procurement of low-cost funds by offering a range of current account products and cash management solutions across all business segments covering corporates, institutions, central and state government ministries and undertakings as well as small and retail business customers. Product offerings of this business segment aim at providing customised transactional banking solutions to fulfil customer's business requirement. Cross-sell of transactional banking products, product innovation and a customer-centric approach have succeeded in growing current account balances and realisation of transaction banking fees. As on 31st March 2013, balances in current accounts increased by 21.55% and stood at ₹48,322 crores compared to ₹39,754 crores last year. On a daily average basis, current accounts balances grew by 4.73% to ₹28,698 crores compared to ₹27,403 crores last year.

In the cash management services (CMS) business, the Bank focuses on offering customised service to its customer to cater to specific corporate requirements and improve the existing product line to offer enhanced features to customers. The Bank is also focusing on host-to-host integration for both collections and payments, such as IT integration between corporates and the Bank for seamless transactions and information flow. The Bank provides comprehensive structured MIS reports on a periodic basis, for better accounting and reporting. CMS continued to constitute an important source of fee income and contributed significantly to generate low cost funds. The Bank is one of the top CMS providers in the country with the number of locations covered under CMS increased to 890 from 801 last year. The number of CMS clients has grown to 15,818 from 11,548 last year.

The Bank has been acting as an agency bank for transacting government business to various central government ministries, departments, state governments and union territories. The Bank accepts income and other direct taxes through 406 authorised branches at 225 locations and central excise and service taxes though 56 authorised branches at 14 locations including e-payments. The Bank also handles the disbursement of civil pension through all its branches and defence pension through 151 authorised branches. In addition, the Bank provides collection and payment services to four central government ministries/departments and 13 state governments and union territories. The Bank is associated with 11 state governments towards undertaking Electronic Benefit Transfer (EBT) projects for disbursement of government benefits (wages under MGNREGS and Social Security Pension (SSP)) through direct credit to beneficiary bank accounts under smart card based IT enabled financial inclusion model. The total government business throughput during the year was ₹92,680 crores.

The Bank is a SEBI-registered custodian and offers custodial services to both domestic and offshore customers. As on 31st March 2013, the Bank held assets worth approximately ₹12,511 crores under its custody, registering a growth of 6% over last year.

INVESTMENT BANKING

The Bank's investment banking business comprises equity capital markets, mergers and acquisitions and private equity syndication. The Bank is a SEBI registered Category-1 Merchant Banker and has been active in advising Indian corporates in raising equity through Pre-IPOs, IPOs/FPOs, QIPs, Rights issue etc. The Bank has built strong relationships with Indian companies, becoming an effective bridge between such corporates and FIIs, DIIs and domestic retail investors. During the year, the Bank closed 2 IPOs of non-convertible debentures aggregating over ₹800 crores and managed buyback of shares transaction aggregating ₹50 crores. The private equity advisory team handles mandates on behalf of SME and mid-corporate clients for helping them to raise equity.

Pursuant to the receipt of necessary approvals from various regulatory authorities, the demerger of certain financial services business undertaken by Enam Securities Private Ltd. (ESPL) to the Bank's wholly owned subsidiary Axis Capital Ltd. (formerly Axis Securities and Sales Ltd.) has been concluded on 20th October 2012 and thus the Investment Banking business of the Bank is now being carried out from Axis Capital Ltd.

LENDING TO SMALL AND MEDIUM ENTERPRISES

The Small and Medium Enterprises (SME) business has been identified as one of the growth areas for the Bank. The business approach towards this segment, which is expected to contribute significantly to economic growth in future, is based upon building relationships and nurturing the entrepreneurial talent. The Bank extends working capital, project finance as well as trade finance facilities to SMEs. The relationship-based approach enables the Bank to deliver value through the entire life cycle of SMEs, creating enormous goodwill and stickiness. It also provides cross-sell opportunities and helps the Bank fulfils its priority sector obligations. The Bank has segmented its SME business in three groups: Medium Enterprises (MEG), Small Enterprises (SEG) and Supply Chain Finance (SCF). The Bank has set up 32 SME Centres and 9 SME Cells across the country to service customers effectively to cover 870 branches. The Bank has implemented a Loan Origination System (LOS) for SEG and SCF business segments to track applications, automate credit process and improve turn-around time. During the year, advances to SME increased by 25.75% to ₹29,922 crores from ₹23,795 crores last year and constituted 15.19% of the Bank's total advances as compared to 14.02% at the end of last year. The Bank has continued to improve its risk management capabilities in the SME business.

Micro and Small Enterprises (MSE) constitute an important segment of SME business. During the year, the Bank launched two new products 'Micro Power' for providing finance to enterprises which are Micro enterprises as per the MSMED Act, 2006 and 'Service Power' for providing finance to enterprises which are either a Micro or Small Enterprise as per the MSMED Act, 2006. Apart from the financial products and services offered to this segment, the Bank has initiated an awards program 'Business Gaurav Awards', to recognise top performing MSMEs. The second edition of the Business Gaurav SME Awards was held in November 2012. The awards received an enthusiastic response with over 7,200 business entities nominating themselves for the awards. 34 winners were felicitated across 14 sectors. The awards also saw release of the publication – 'Leading SMEs of India 2012'.

AGRICULTURE

The Bank has identified agricultural lending as an area of potential growth and offers a diverse range of lending solutions to the farming clientele and other stakeholders in the agriculture value chain. Activity and geography specific products and product variants were introduced to effectively reach out to the various value-chain participants and to meet their credit requirements. In order to provide a strategic focus to agricultural lending, the Bank has adopted a cluster-centric approach for agricultural lending in areas where the Bank believes agriculture is intensive and where a potential market exists. The business architecture for agriculture business is decentralised with Agriculture Business Centres (ABCs) at various locations across the country spearheading the business. To increase the focus on unbanked and under banked areas, 3 new ABCs were formed during the year at Guwahati (Assam), Bhubaneswar (Odisha) and Patna (Bihar). The branches and agriculture clusters follow a hub-and-spoke model with branches being the sole touch point for farmers. As of 31st March 2013, the agriculture business is operated through 759 branches attached to 93 agricultural clusters, which are controlled by 20 ABCs. To achieve the objectives of increasing the business reach, consistent growth of portfolio and maintaining quality of assets, business, credit, operations and collections functions in this business are handled independently.

Apart from lending to farmers, the Bank also actively participates in awareness campaigns and forming farmer's clubs in many of its upcountry branches in co-ordination with National Bank for Agriculture and Rural Development (NABARD). The Bank allies with reputed corporates in agro based industries to provide value to the farmers. The Bank will continue to increase its reach in rural and semi-urban areas by increasing the number of agriculture clusters and ABCs as per requirement and bring more and more branches under agriculture lending.

The Bank also supports the weaker sections of society through its lending to Micro Finance Institutions (MFIs). To improve credit delivery to the target customers through smart use of technology, the Bank in the current year has started Axis Sahyog, a social collateral lending initiative wherein economically active weaker section individuals are provided with micro loans for agriculture and micro enterprises. Biometric enabled IT architecture is used for enrolment and for authorising transactions. Presently, Axis Sahyog has been implemented in two states : Bihar and Madhya Pradesh. The Bank also uses the services of institutional Business Correspondents for sourcing and servicing micro loans in a southern state. The Bank pioneered first ever listing of Multi Originator Securitisation (MOSEC) transaction of microloans in the country. This initiative will go a long way in developing an alternate source of funding for the microfinance sector.

As on 31st March 2013, the Bank's outstanding loans in the agricultural sector was ₹14,845 crores, constituting 7.54% of the Bank's total advances.

Financial inclusion

The Bank regards financial inclusion not merely as a corporate social responsibility initiative but as an integral component of its rural strategy. The financial inclusion initiatives of the Bank are aimed at enabling customers in rural markets to use formal banking channels for their banking needs such as savings, payments, credit and insurance. Apart from savings, payments are the major requirement of such customers due to migration of workforce. The Bank offers no-frills accounts, tailor-made fixed deposits and recurring deposit products to meet the savings requirements of customers. As on 31st March 2013, the Bank had opened 61.61 lac no-frills accounts covering 42,338 villages.

The Bank has been in the forefront of several innovations in this space. It has tied-up with leading telecom companies to provide savings and remittance facilities using the mobile phone and their distribution outlets in key domestic payment corridors. The Bank is also a leading player in the remittance market, enabling migrant workers in urban areas remit money to their families in the hinterland. The Bank endeavours to meet the entire set of financial needs of its customers, including micro-lending, 'Chhota-deposits' and micro-insurance (under life and general insurance categories).

The Bank also actively participates in electronic/direct benefit transfer for disbursal of benefits under various government schemes using smart cards and biometric authentication technology. The Bank has made significant investments in technology, and is integrated with the Aadhar platform through NPCI to enable transfer of Aadhar based social welfare benefits.

The Bank has launched several programmes to deliver micro-loans to rural customers through its business correspondents in Tamil Nadu, Bihar and Madhya Pradesh. It has also tied up with leading corporates to deliver credit to their end consumers through their rural supply chain partners.

INTERNATIONAL BANKING

The international operations of the Bank have generally catered to Indian corporates who have expanded their business overseas. The overseas network of the Bank currently spans the major financial hubs in Asia. The Bank now has a foreign network of four branches at Singapore, Hong Kong, DIFC-Dubai and Colombo (Sri Lanka), and three representative offices at Shanghai, Dubai and Abu Dhabi, besides strategic alliances with banks and exchange houses in the Gulf Co-operation Council (GCC) countries. While branches at Singapore, Hong Kong, DIFC-Dubai and Colombo enable the Bank to partner with Indian corporates doing business globally and primarily offer corporate banking, trade finance, treasury and risk management solutions, the Bank also offers retail liability products from its branches at Hong Kong and Colombo. The representative offices and strategic alliances with banks and exchange houses in the GCC countries cater to the large Indian diaspora and promote the Bank's NRI products. With management of liquidity being a major challenge in the present global markets, the Bank consciously restrained its asset growth at the overseas centres to report an asset size of USD 6.84 billion as at 31st March 2013 vis-à-vis USD 6.35 billion as at 31st March 2012. Further, interactions are also in progress with China Banking Regulatory Commission (CBRC) for upgrade of the Shanghai Representative Office into a branch.

RISK MANAGEMENT

The objective of risk management is to balance the trade-off between risk and return and ensure optimum risk-adjusted return on capital. It entails independent identification, measurement and management of risks across the various businesses of the Bank. Risk is managed through a framework of policies and principles approved by the Board of Directors supported by an independent risk function which ensures that the Bank operates within its risk appetite. 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 not only to ensure compliance with regulatory requirements, but also to ensure better risk-adjusted return and optimal capital utilization, keeping in view business objectives.

The overall risk appetite of the Bank is defined by its Board of Directors. Further, the Individual 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, market, liquidity, operational and group risks. 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 and group risk supplemented by periodic validations of the methods used and monitoring through the sub-committees of the Board. The Risk Management Committee (RMC), which is a sub-committee of 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 and the Audit Committee of the Board 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), and Operational Risk Management Committee (ORMC) 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 is to maximise the Bank's risk-adjusted rate of return on capital by maintaining a healthy asset portfolio and managing the credit risk inherent in individual exposures as well at the portfolio level. The emphasis is placed, both on evaluation and containment of risk at the individual exposures and analysis of the portfolio behaviour.

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

The Bank continuously monitors portfolio concentrations by segment, borrower, groups, industry and geography, where applicable. Portfolio level delinquency matrices are tracked at frequent intervals with focus on detection of early warning signals of stress.

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

Market Risk

The market risk management framework of the Bank aims at maximising the risk-adjusted rate of return by providing inputs regarding the extent of market risk exposures, the performance of portfolios vis-à-vis the risk exposure and comparable benchmarks. 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 trading book for both its domestic and overseas operations. The market risk management framework of the Bank provides necessary inputs regarding the extent of market risk exposures, the performance of portfolios vis-à-vis the risk exposure and comparable benchmarks which assists in maximising the risk-adjusted rate of return of the Bank's trading and investment portfolio.

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

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

Liquidity Risk

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

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

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

All new products and processes are subjected to rigorous risk evaluation by the Bank's Product Management Committee and Change Management Committee. Similarly, outsourcing arrangements are examined and approved by the Bank's Outsourcing Committee. The IT Security Committee of the Bank provides directions for mitigating operational risk in the information systems. The Bank is in the process of setting up a comprehensive Operational Risk Measurement System (ORMS) through the implementation of a software solution.

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

OPERATIONS

Over the past few years, the Bank has carried out separation of the production and distribution functions, with centralised transaction processing and customer databases becoming increasingly centralised and product sales and customer handling (the distribution technology) primarily carried out at the branches. The business process re-engineering has enabled reduction of transaction costs besides ensuring smoothness in operations and increasing productivity. To bring about greater precision in the management of operations, processes were constantly refined during the year on a continual basis from the perspective of implementation of best practices, risk identification and containment. Operational instructions were issued on a continual basis and efforts are made to introduce risk-free working at branches.

Retail Banking Operations

Retail Banking Operations (RBO) provides seamless service to retail customers while ensuring secure and compliant systems for risk containment and regulatory compliance. The oversight function in the Bank has been further strengthened through centralised monitoring of the working of the branches in respect of KYC, AML, other regulatory compliances, cash management, clearing operations and internal housekeeping resulting in better compliance and higher operational efficiencies. During the year, the Bank continued to move more operations to centralised hubs thereby reducing operational activities at branches. The Bank has also invested in de-duplication in customer acquisition, thereby improving online monitoring. An automated system to identify existing customer base, highlight exceptions and manage activity flow has now been successfully implemented. Increased emphasis has been laid out on service quality covering the entire operations area. The Bank has also implemented a robust system of identification and remedy of customer-service deficiencies through root cause analysis and trend of customer requests and escalated complaints. During the year, the Bank has set up a 24x7 dedicated contact centre for NRI customers, as well as a dedicated contact centre for retail asset customers. The Bank's existing liabilities contact centre offers services in 11 languages.

Wholesale Banking Operations

Wholesale Banking Operations (WBO) function is responsible for providing best in class service to non-retail customers of the Bank through four verticals: Corporate Banking Operations, Treasury Operations, Trade and Forex Operations and Centralised Collection and Payment Hub.

The Corporate Banking Operations (CBO) ensures delivery, control, monitoring and administration of credit facilities of large corporates, mid corporates, SME and corporate agriculture segments. It also processes domestic trade finance, channel finance and micro finance transactions. CBO operates through Corporate Banking Branches (CBBs)/Credit Management Centres (CMCs) located at 8 major centres, 56 Mini-Credit Management Centres (MCMCs) at Tier II cities, and Corporate Credit Operations Hub (CCOH) at Hyderabad and Gurgaon. Treasury Operations involves the settlement and accounting of treasury-related transactions and operates the centralised electronic payment hubs for RTGS and NEFT. The Trade and Forex Operations (TFO) handles remittances and trade finance transaction processing on behalf of distribution channels dealing in trade finance and foreign exchange through 200 'B' category branches and state-of-the-art centralised knowledge processing centres located at Mumbai and Hyderabad. TFO is also responsible for ensuring compliance of regulatory and internal guidelines in respect of foreign exchange transactions of the Bank. The Centralised Collections and Payment Hub (CCPH) handles payments and collections, and operates through 2 units located at Mumbai and Hyderabad. Further, in order to extend operational support and customer hand-holding at the local level, 11 Transaction Banking Centres (TBCs) have been set-up during the year, which are manned by skilled resources, thereby ensuring efficient service delivery coupled with control over operations.

The Bank's payment service is one of the key differentiating services for all customer segments. In order to enhance speed, scalability and straight through processing by technological advancement, the Bank has launched a plan of introducing an Enterprise Payment Hub (EPH) to handle all types of payment services through a centralised and channel agnostic processing engine. This will enhance customer experience across all customer segments and take care of growing volumes, minimise manual processing, reduce operational risk and avoid duplication in infrastructure.

INFORMATION TECHONOLOGY

Technology is one of the key enablers for business and for delivering customised financial solutions. The Bank continued to focus on introducing innovative banking services through investments in scalable, robust and function-rich technology platforms to enable delivery of efficient and seamless services across multiple channels for customer convenience and cost reduction. The Bank has also focused on improving the governance process in IT. During the year, the Bank has received certification of ISO 27001:2005 by BSI (ANAB accredited) for complying with the standards of Information Security Management System for its data centres located in Navi Mumbai and Bengaluru. The Bank has also successfully completed migration of its data centre to a co-hosted location during the year. The new premises offer a category IV data center that complies with the highest benchmarking standards applicable to data centres promising built-in redundancy of infrastructure. A robust Project Management framework is used to ensure that investments in IT are based on good gate-keeping principles and result in appropriate payback in value terms.

The Bank has made significant progress in implementing the recommendations of the RBI Working Group issued in April 2011 on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds. The Bank is committed to implementing the recommendations on the various subject areas indicated in the guidelines. The broad measures taken in respect of the various areas included conducting a detailed gap analysis to implement the controls/suggestions contained in the guidelines, examining each recommendation closely and taking decisions either to acquire a solution or implement procedural controls. The Bank has put in place the appropriate organisational framework as recommended in the guidelines. Several information security solutions have either been implemented or finalised for implementation to protect customer data, prevent external attacks as well as strengthening internal controls. Policies and procedures of the Bank have also been reviewed and suitably modified. The progress in each area of the recommendations has been closely monitored by the top management and the status of implementation has been reported to the Board and RBI at regular intervals.

COMPLIANCE

The Bank continued to vigorously pursue its commitment in adhering to the highest standards of compliance. The compliance function in the Bank plays a pivotal role in ensuring that the overall business of the Bank is conducted in accordance with regulatory prescriptions. The Compliance function facilitates improvement in the compliance culture in the Bank through various enablers like dissemination of regulatory changes and spreading compliance knowledge through training, newsletters and other means of communication and direct interaction. To ensure that all the businesses of the Bank are aware of compliance requirements, the compliance function is involved in vetting of new products and processes, evaluating adequacy of internal controls and examining systemic correction required, based on its analysis and interpretation of the regulatory doctrine and the deviations observed during compliance monitoring and testing programmes. This function also ensures that internal policies address the regulatory requirements, besides vetting processes for their robustness and regulatory compliances.

For more focused management of compliance risk, the Bank is in an advanced stage of implementing an Enterprise-wide Governance Risk and Compliance Framework, an online tool, which would address operational, compliance and financial reporting risks and help in bringing efficiency in processes and improvement in compliance levels. Significant aspects of the Bank's compliance culture are the Whistleblower Policy and zero tolerance for fraud, corruption and financial irregularities.

INTERNAL AUDIT

The Bank's internal audit function performs an independent and objective evaluation of the adequacy and efficiency of internal controls on an ongoing basis to ensure that operating units adhere to compliance requirements and internal guidelines. The Internal Audit function undertakes a comprehensive risk-based audit of all operating units. An Audit Plan is drawn up on the basis of a risk-profiling of auditee units. Accordingly, the Bank undertakes internal audit of the operating units at a frequency synchronised to the risk profile of each unit in line with the spirit of guidelines relating to Risk-Based Internal Audit (RBIA). The scope of risk-based internal audit, besides examining the adequacy and effectiveness of internal control systems and external compliance, also evaluates the risk residing at the auditee units. The RBIA approach has been thoughtfully structured taking into account RBI guidelines and international best practices. To complement the Internal Audit function, the Bank has put in place a strong Concurrent Audit system.

To ensure independence of the Audit function and in line with the best corporate governance practices, the Internal Audit department functions independently under the supervision of the Audit Committee of the Board, which reviews performance of the internal audit department and effectiveness of controls laid down by the Bank and compliance with regulatory guidelines.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As an integral part of society, the Bank is aware of its corporate social responsibilities and has been engaged in community and social investments. For this purpose, the Bank has set up a Trust – the Axis Bank Foundation (ABF) to channel its philanthropic initiatives. The Foundation has committed itself to participate in various socially relevant endeavours with a special focus on providing sustainable livelihoods, poverty alleviation, education of the underprivileged, healthcare etc. The Bank has decided to contribute upto one percent of its net profit annually to the Foundation under its CSR initiatives. The Foundation is constantly engaged in identifying the right target group and ensuring that support reaches the ultimate beneficiary. Presently, the Foundation is running 40 programs across 163 districts in 19 states, targeting 7,27,059 beneficiaries.

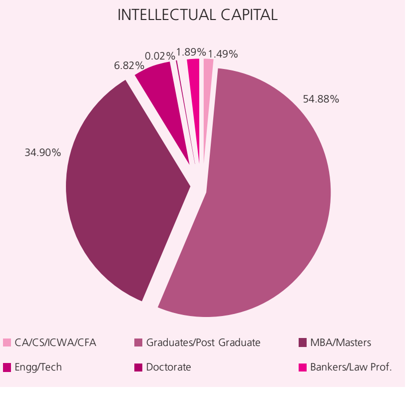
The Foundation has been providing support to various initiatives in education, targeting underprivileged children. Presently, 23 programs are running in the field of education covering 33 districts in 13 states promoting supplementary education, education for the mentally/physically challenged, hearing impaired, visually challenged etc. During the year, the Foundation has disbursed ₹6.23 crores for various education programs. The Foundation also works for providing highway trauma care and rural medical relief. The Foundation has been working with Lifeline Foundation since 2007 for supporting the highway rescue projects in the states of Maharashtra, Kerala, Gujarat and Rajasthan. It has provided aid to around 7,500 critical accident victims and more than 15,000 minor accident victims. The Foundation aims to provide one million livelihoods to the underprivileged in some of the most backward regions of the country by 2017, 50% of the beneficiaries being women. The Foundation has so far partnered with 17 NGOs to provide sustainable livelihoods and has launched projects in partnership with these NGOs in the states of West Bengal, Odisha, Tamil Nadu, Maharashtra, Jharkhand, Chhattisgarh, Bihar, Uttar Pradesh and Madhya Pradesh. These programs aim at alleviating poverty and help in providing sustainable livelihood options. Presently, 17 programs are running in the field of livelihood covering 136 districts in 17 states. During the year, an amount of ₹31.09 crores was disbursed towards various livelihood programs.

The Foundation is also actively involved in implementing several initiatives in Green Banking. In line with the Bank's initiative in Green Banking with the theme of 'Reduce, Reuse and Recycle', the Foundation has initiated the process of collecting all the dry waste, generated in the Corporate Office and seventeen offices of the Bank in Mumbai and recycle it into notebooks, notepads and envelopes. This initiative was launched in August 2011, has helped recycle around 87,206 kilograms since inception. The Foundation also has an Officer Engagement Program, which encourages officers of the Bank to get involved in various volunteering activities. The Bank launched an employee payroll program titled 'Axis Cares'. As on 31st March 2013, 7,524 officers of the Bank have enrolled for Axis Cares with a monthly collection of ₹14.64 lacs. The funds collected under this initiative are utilised for the programs of the Foundation and the details of utilisation are shared with the officers every month. Under the aegis of 'Basket of Hope', the Foundation organises collection drives for clothes, books and toys for distribution to the needy. The Foundation has also launched a new initiative titled 'Gift of Life'. During the year, 27 blood donation drives have been organised across the country, through which 1,934 units of blood has been collected. Exhibitions of various NGOs are held at the Corporate Office and other offices of the Bank, to provide a platform to these NGOs for exhibiting their products and popularise their work. Conducting the exhibitions has also promoted volunteering among our officers with NGO partners. During the financial year, 56 such exhibitions have been organised which has helped these NGOs to generate sales over ₹14.40 lacs.

HUMAN RESOURCES

The Human Resources (HR) function is instrumental in creating and developing human capital in alignment with the Bank's vision. Talent Management with particular focus on grooming future leaders, learning and development and employee engagement have been the key focus areas in the Bank's HR objectives.

The Bank has built a learning infrastructure to ensure availability of skilled and empowered workforce. The Learning Maps aligned to the overall development plan of employees are designed to facilitate learning process across all levels through a blended learning approach of classroom programmes, external programmes, certification programmes as well as e-learning modules. The Bank also creates alternate talent pipelines by entering into arrangements with Training and Education Institutes and continues to maintain a strong employer brand in the financial services sector especially on the campuses of the premier business schools of the country. Apart from having a strong presence in the talent market, the Bank also believes in maintaining a strong image internally by keeping its workforce engaged at all levels.



To inculcate and live its motto of 'One Bank, One Axis' and foster a spirit of connectedness, the Bank hosts several employee engagement programmes and channels to connect its thinly-spread employee population across a widely dispersed geographical network. Through these platforms, employees can share their unique experiences, facilitate best practice sharing, cast their opinion and feedback about the Bank's products and services. The Bank also offers avenues for several employee health and wellness initiatives throughout our network.

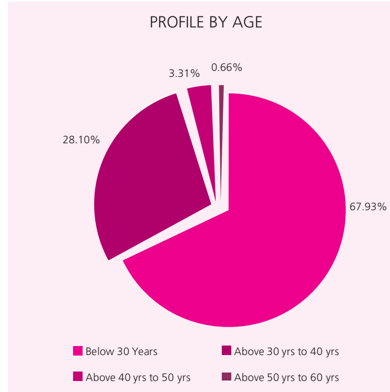
The Bank has been conducting its annual Employee Engagement Study to capture, analyse and draw action plans to enhance the engagement quotient. A third-party framework, benchmarked as one of the best, is used for administering and analysing the results of the study, with focus on measuring and improving employee engagement quotient. Taking concrete steps based on the study findings helps in building a stronger and more engaged workforce.

The Bank seeks regular feedback from employees on the policies and practices to ensure that it is in consonance with employee empowerment. Incidentally, the focus areas for the Bank's performance management system are Ownership, Continuous Process and Humane Touch, which are driven by strengthening the culture of performance feedback (both formal and informal). In addition to performance, the personal development plan of an employee includes a feedback on behavioural competencies for growth.

Axis Leadership Practices (ALPs) are defined for employees at different levels of the hierarchy to promote desired behaviour and to facilitate an objective assessment. The ALPs form a framework for all the people processes in the Bank. These are an integral part of processes like Talent Acquisition, Performance Management System, Promotion, Talent Appreciation, Leadership Development and Feedback. The Bank has partnered with the best in class leadership trainers of the country to provide key position holders and unit heads the fundamentals of managing self and team leadership though a series of 'Inspired Leadership' workshops. The Bank has also launched an in-house multi-rater feedback tool 'ALP Compass', based on the Axis Leadership Practices.

The strength of the workforce was 37,901 at the end of the year as compared to 31,738 last year. A young workforce with an average age of 29 years and the Bank's policy of being an equal opportunity employer continues to significantly contribute towards emergence of the Axis Bank brand. The Bank inspires everyone to excel and contribute to, irrespective of gender, race or age, and this echoes in all HR initiatives undertaken. The Bank is also a socially responsible employer. Apart from housing its own NGO 'Axis Bank Foundation', the Bank has partnered with Teach for India for promoting the noble objective of providing education to underprivileged children.

The Bank continues to strive towards realisation of its vision of being the preferred financial service provider excelling in customer delivery through insight, empowered employees and smart use of technology.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

AXIS BANK LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **AXIS BANK LIMITED** ("the Bank"), which comprise the Balance Sheet as at 31 March, 2013, the Profit and Loss Account and the Cash Flow Statement of the Bank for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Bank's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 in so far as they apply to the banks and the Guidelines issued by Reserve Bank of India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949; the Companies Act, 1956 in the manner so required for banking companies and the Guidelines issued by Reserve Bank of India from time to time and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March, 2013;

(b) in the case of the Profit and Loss Account, of the profit of the Bank for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 227(3) of the Companies Act, 1956 and Section 30 of the Banking Regulation Act, 1949, 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 purposes of our audit and found them to be satisfactory.

   (b) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the Bank.

   (c) The financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by the Branches.

(d) 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.

(e) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(f) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 in so far as they apply to banks.

2. On the basis of the written representations received from the Directors as on 31 March, 2013 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

3. We report that during the course of our audit we have visited 98 Branches. Since the key operations of the Bank are completely automated with the key applications integrated to the core banking systems, the audit is carried out centrally at the Head Office as all the necessary records and data required for the purposes of our audit are available therein and the Branches are not required to submit any financial returns.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
(Membership No. 42791)
Date : 24^{th} April, 2013
Place : Mumbai

AXIS BANK LIMITED - BALANCE SHEET

BALANCE SHEET AS AT 31 MARCH, 2013

	Schedule No.	**As at 31-03-2013 (₹ in Thousands)**	As at 31-03-2012 (₹ in Thousands)
CAPITAL AND LIABILITIES			
Capital	1	**4,679,545**	4,132,039
Reserves & Surplus	2	**326,399,054**	223,953,384
Deposits	3	**2,526,135,881**	2,201,043,033
Borrowings	4	**439,510,984**	340,716,721
Other Liabilities and Provisions	5	**108,881,120**	86,432,757
TOTAL		**3,405,606,584**	2,856,277,934
ASSETS			
Cash and Balances with Reserve Bank of India	6	**147,920,883**	107,029,214
Balances with Banks and Money at Call and Short Notice	7	**56,428,716**	32,309,943
Investments	8	**1,137,375,370**	931,920,859
Advances	9	**1,969,659,574**	1,697,595,386
Fixed Assets	10	**23,556,420**	22,593,250
Other Assets	11	**70,665,621**	64,829,282
TOTAL		**3,405,606,584**	2,856,277,934
Contingent Liabilities	12	**5,481,158,951**	4,802,373,747
Bills for Collection		**278,948,780**	346,346,043
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 Deloitte Haskins & Sells
Chartered Accountants

Z. F. Billimoria
Partner

For Axis Bank Ltd.

Sanjiv Misra
Chairman

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Shikha Sharma
Managing Director & CEO

Somnath Sengupta
Executive Director
& Head (Corporate Centre)

V. Srinivasan
Executive Director
& Head (Corporate Banking)

P. J. Oza
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 24th April, 2013
Place: Mumbai

AXIS BANK LIMITED - PROFIT & LOSS ACCOUNT

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2013

		Schedule No.	**Year ended 31-03-2013 (₹ in Thousands)**	Year ended 31-03-2012 (₹ in Thousands)
I	**INCOME**			
	Interest earned	13	**271,825,744**	219,946,474
	Other income	14	**65,511,063**	54,202,163
	TOTAL		**337,336,807**	274,148,637
II	**EXPENDITURE**			
	Interest expended	15	**175,163,111**	139,769,024
	Operating expenses	16	**69,142,375**	60,070,995
	Provisions and contingencies	18 (2.1.1)	**41,236,992**	31,886,564
	TOTAL		**285,542,478**	231,726,583
III	**NET PROFIT FOR THE YEAR (I - II)**		**51,794,329**	42,422,054
	Balance in Profit & Loss Account brought forward from previous year		**73,294,476**	49,697,707
IV	**AMOUNT AVAILABLE FOR APPROPRIATION**		**125,088,805**	92,119,761
V	**APPROPRIATIONS :**			
	Transfer to Statutory Reserve		**12,948,583**	10,605,513
	Transfer to Investment Reserve		**534,571**	-
	Transfer to Capital Reserve	18 (2.2.1)	**1,414,579**	519,047
	Transfer to Reserve Fund	18 (2.2.2)	**26,084**	-
	Proposed dividend (includes tax on dividend)	18 (2.2.5)	**9,872,364**	7,700,725
	Balance in Profit & Loss Account carried forward		**100,292,624**	73,294,476
	TOTAL		**125,088,805**	92,119,761
VI	**EARNINGS PER EQUITY SHARE**	18 (2.2.3)		
	(Face value ₹10/- per share) (Rupees)			
	Basic		**119.67**	102.94
	Diluted		**118.85**	102.20
	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 Deloitte Haskins & Sells
Chartered Accountants

Z. F. Billimoria
Partner

For Axis Bank Ltd.

Sanjiv Misra
Chairman

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Shikha Sharma
Managing Director & CEO

Somnath Sengupta
Executive Director
& Head (Corporate Centre)

V. Srinivasan
Executive Director
& Head (Corporate Banking)

P. J. Oza
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 24th April, 2013
Place: Mumbai

AXIS BANK LIMITED - CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

	Year ended 31-03-2013 (₹ in Thousands)	Year ended 31-03-2012 (₹ in Thousands)
Cash flow from operating activities		
Net profit before taxes	**75,526,929**	62,878,354
Adjustments for:		
Depreciation on fixed assets	**3,517,343**	3,422,363
Depreciation on investments	**(1,039,359)**	580,985
Amortisation of premium on Held to Maturity investments	**674,599**	627,967
Provision for Non Performing Assets (including bad debts)	**11,792,245**	8,604,298
Provision on standard assets	**1,966,686**	1,503,036
Provision for wealth tax	**3,800**	3,600
(Profit)/Loss on sale of fixed assets (net)	**44,662**	(203,026)
Provision for country risk	**(96,300)**	48,100
Provision for restructured assets	**1,039,492**	888,600
Provision for other contingencies	**3,837,828**	(198,354)
	97,267,925	78,155,923
Adjustments for:		
(Increase)/Decrease in investments	**(95,527,142)**	(165,599,005)
(Increase)/Decrease in advances	**(284,769,149)**	(282,226,283)
Increase/(Decrease) in deposits	**325,092,849**	308,665,023
(Increase)/Decrease in other assets	**(3,340,140)**	(15,673,352)
Increase/(Decrease) in other liabilities & provisions	**14,760,950**	1,757,949
Direct taxes paid	**(26,294,900)**	(23,349,523)
Net cash flow from operating activities	**27,190,393**	(98,269,268)
Cash flow from investing activities		
Purchase of fixed assets	**(4,718,705)**	(3,843,375)
(Increase)/Decrease in Held to Maturity investments	**(109,099,212)**	(47,204,626)
(Increase)/Decrease in Investment in Subsidiaries	**(718,875)**	(900,000)
Proceeds from sale of fixed assets	**193,531**	762,243
Proceeds from transfer of net assets acquired under demerger to subsidiary	**2,741,502**	-
Net cash used in investing activities	**(111,601,759)**	(51,185,758)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

	Year ended 31-03-2013 (₹ in Thousands)	Year ended 31-03-2012 (₹ in Thousands)
Cash flow from financing activities		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	**19,654,731**	35,808,360
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	**79,139,533**	42,229,536
Proceeds from issue of share capital	**426,605**	26,581
Proceeds from share premium (net of share issue expenses)	**56,227,263**	1,336,820
Payment of dividend	**(7,702,164)**	(6,697,611)
Net cash generated from financing activities	**147,745,968**	72,703,686
Effect of exchange fluctuation translation reserve	**1,675,840**	2,003,938
Net increase in cash and cash equivalents	**65,010,442**	(74,747,402)
Cash and cash equivalents at the beginning of the year	**139,339,157**	214,086,559
Cash and cash equivalents at the end of the year	**204,349,599**	139,339,157

Note :

1. Cash and cash equivalents comprise of cash on hand (including foreign currency notes), balances with Reserve Bank of India, balances with banks and money at call & short notice (Refer Schedules 6 and 7 of the Balance Sheet).

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Z. F. Billimoria
Partner

For Axis Bank Ltd.

Sanjiv Misra
Chairman

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Shikha Sharma
Managing Director & CEO

Somnath Sengupta
Executive Director
& Head (Corporate Centre)

V. Srinivasan
Executive Director
& Head (Corporate Banking)

P. J. Oza
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 24th April, 2013
Place: Mumbai

AXIS BANK LIMITED - SCHEDULES

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2013

	As at 31-03-2013 (₹ in Thousands)	As at 31-03-2012 (₹ in Thousands)
SCHEDULE 1 - CAPITAL		
Authorised Capital		
850,000,000 (Previous year - 500,000,000) Equity Shares of ₹10/- each	**8,500,000**	5,000,000
Issued, Subscribed and Paid-up capital		
467,954,468 (Previous year - 413,203,952) Equity Shares of ₹10/- each fully paid-up [Refer Schedule 18.1b]	**4,679,545**	4,132,039
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening Balance	**38,425,863**	27,820,350
Additions during the year	**12,948,583**	10,605,513
	51,374,446	38,425,863
II. Share Premium Account		
Opening Balance	**101,387,610**	100,050,790
Additions during the year	**56,626,088**	1,336,820
Less: Share issue expenses [Refer Schedule 18 (2.1.29)]	**(398,826)**	-
	157,614,872	101,387,610
III. Investment Reserve Account		
Opening Balance	**-**	-
Additions during the year	**534,571**	-
	534,571	-
IV. General Reserve		
Opening Balance	**3,543,100**	3,534,600
Additions during the year	**-**	8,500
	3,543,100	3,543,100
V. Capital Reserve		
Opening Balance	**5,424,982**	4,905,935
Additions during the year [Refer Schedule 18.1a and Schedule 18 (2.2.1)]	**4,035,182**	519,047
	9,460,164	5,424,982
VI. Foreign Currency Translation Reserve [Refer Schedule 17 (4.5)]		
Opening Balance	**1,877,353**	(126,585)
Additions during the year	**1,675,840**	2,003,938
	3,553,193	1,877,353
VII. Reserve Fund		
Opening Balance	**-**	-
Additions during the year [Refer Schedule 18 (2.2.2)]	**26,084**	-
	26,084	-
VIII. Balance in Profit & Loss Account	**100,292,624**	73,294,476
TOTAL	**326,399,054**	223,953,384

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2013

			As at 31-03-2013 (₹ in Thousands)	As at 31-03-2012 (₹ in Thousands)
SCHEDULE 3 - DEPOSITS				
A.	I.	Demand Deposits		
		(i) From banks	**29,255,626**	20,980,835
		(ii) From others	**453,965,348**	376,559,884
	II.	Savings Bank Deposits	**637,777,349**	516,679,577
	III.	Term Deposits		
		(i) From banks	**151,218,877**	100,943,739
		(ii) From others	**1,253,918,681**	1,185,878,998
		TOTAL	**2,526,135,881**	2,201,043,033
B.	I.	Deposits of branches in India	**2,386,893,082**	2,094,495,868
	II.	Deposits of branches outside India	**139,242,799**	106,547,165
		TOTAL	**2,526,135,881**	2,201,043,033

SCHEDULE 4 - BORROWINGS

I.	Borrowings in India		
	(i) Reserve Bank of India	**-**	1,150,000
	(ii) Other banks #	**22,367,200**	4,472,000
	(iii) Other institutions & agencies **	**144,085,033**	121,210,990
II.	Borrowings outside India $	**273,058,751**	213,883,731
	TOTAL	**439,510,984**	340,716,721
	Secured borrowings included in I & II above	**-**	-

Borrowings from other banks include Subordinated Debt of ₹557.60 crores (previous year ₹359.60 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of Nil (previous year Nil) and Upper Tier II instruments of ₹59.10 crores (previous year ₹59.10 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

** Borrowings from other institutions & agencies include Subordinated Debt of ₹10,071.70 crores (previous year ₹8,391.70 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹214.00 crores (previous year ₹214.00 crores) and Upper Tier II instruments of ₹248.40 crores (previous year ₹248.40 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

$ Borrowings outside India include Perpetual Debt of ₹249.71 crores (previous year ₹234.03 crores) and Upper Tier II instruments of ₹1,139.03 crores (previous year ₹1,067.24 crores) [Also refer Note 18 (2.1.3)]

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I.	Bills payable	**35,288,164**	30,853,220
II.	Inter-office adjustments (net)	**-**	-
III.	Interest accrued	**8,267,309**	6,478,322
IV.	Proposed dividend (includes tax on dividend)	**9,852,151**	7,681,950
V.	Contingent provision against standard assets	**9,766,369**	7,799,683
VI.	Others (including provisions)	**45,707,127**	33,619,582
	TOTAL	**108,881,120**	86,432,757

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2013

	As at 31-03-2013 (₹ in Thousands)	As at 31-03-2012 (₹ in Thousands)
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	**40,538,842**	35,957,442
II. Balances with Reserve Bank of India :		
(i) in Current Account	**107,382,041**	71,071,772
(ii) in Other Accounts	**-**	-
TOTAL	**147,920,883**	107,029,214
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balance with Banks		
(a) in Current Accounts	**3,353,513**	3,516,323
(b) in Other Deposit Accounts	**9,491,675**	6,146,450
(ii) Money at Call and Short Notice		
(a) With banks	**-**	-
(b) With other institutions	**-**	-
TOTAL	**12,845,188**	9,662,773
II. Outside India		
(i) in Current Accounts	**11,440,321**	7,666,358
(ii) in Other Deposit Accounts	**13,474,234**	3,845,537
(iii) Money at Call & Short Notice	**18,668,973**	11,135,275
TOTAL	**43,583,528**	22,647,170
GRAND TOTAL (I+II)	**56,428,716**	32,309,943
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in -		
(i) Government Securities ## **	**722,498,592**	584,162,116
(ii) Other approved securities	**-**	-
(iii) Shares	**7,549,074**	7,399,921
(iv) Debentures and Bonds	**260,744,089**	231,507,877
(v) Investment in Subsidiaries/Joint Ventures	**4,214,375**	3,495,500
(vi) Others (Mutual Fund units, CD/CP, NABARD deposits, PTC etc.) @	**133,587,622**	98,082,541
Total Investments in India	**1,128,593,752**	924,647,955
II. Investments outside India in -		
(i) Government Securities (including local authorities)	**2,683,274**	1,170,306
(ii) Subsidiaries and/or joint ventures abroad (amount less than ₹1,000 for current year and previous year)	**-**	-
(iii) Others	**6,098,344**	6,102,598
Total Investments outside India	**8,781,618**	7,272,904
GRAND TOTAL (I+II)	**1,137,375,370**	931,920,859

Includes securities costing ₹4,766.66 crores (previous year ₹4,427.15 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

** Inclusive of Repo Lending of ₹7,350.00 crores (previous year ₹3,675.00 crores) and net of Repo borrowing of Nil (previous year ₹3,140.76 crores) under the Liquidity Adjustment Facility in line with the RBI requirements

@ Includes priority sector shortfall deposits ₹6,980.42 crores (previous year ₹5,100.53 crores) and PTC's ₹1,471.03 crores (previous year ₹204.67 crores) net of depreciation, if any

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2013

			As at 31-03-2013 (₹ in Thousands)	As at 31-03-2012 (₹ in Thousands)
SCHEDULE 9 - ADVANCES				
A.	(i)	Bills purchased and discounted *	**56,079,021**	39,089,332
	(ii)	Cash credits, overdrafts and loans repayable on demand @	**546,437,284**	468,608,528
	(iii)	Term loans #	**1,367,143,269**	1,189,897,526
		TOTAL	**1,969,659,574**	1,697,595,386
B.	(i)	Secured by tangible assets $	**1,613,648,122**	1,417,163,384
	(ii)	Covered by Bank/Government Guarantees &&	**18,089,151**	50,233,791
	(iii)	Unsecured	**337,922,301**	230,198,211
		TOTAL	**1,969,659,574**	1,697,595,386
C.	I.	Advances in India		
		(i) Priority Sector	**484,982,533**	484,792,379
		(ii) Public Sector	**39,189,817**	32,535,626
		(iii) Banks	**449,490**	3,477,937
		(iv) Others	**1,143,709,623**	923,767,773
		TOTAL	**1,668,331,463**	1,444,573,715
	II.	Advances Outside India		
		(i) Due from banks	**10,371,975**	1,127,900
		(ii) Due from others -		
		(a) Bills purchased and discounted	**2,687,649**	6,438,231
		(b) Syndicated loans	**109,487,196**	108,035,085
		(c) Others	**178,781,291**	137,420,455
		TOTAL	**301,328,111**	253,021,671
		GRAND TOTAL (CI+CII)	**1,969,659,574**	1,697,595,386

* Net of borrowings under Bills Rediscounting Scheme ₹1,000.00 crores (previous year ₹3,480.00 crores)

@ Net of borrowings under Inter Bank Participation Certificate ₹205.89 crores (previous year ₹60.36 crores)

\# Net of borrowings under Inter Bank Participation Certificate ₹10,256.09 crores (previous year ₹7,968.24 crores)

$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2013

		As at 31-03-2013 (₹ in Thousands)	As at 31-03-2012 (₹ in Thousands)
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	Gross Block		
	At cost at the beginning of the year	**9,001,944**	9,117,340
	Additions during the year	**39,131**	96,841
	Deductions during the year	**-**	(212,237)
	TOTAL	**9,041,075**	9,001,944
	Depreciation		
	As at the beginning of the year	**262,236**	198,381
	Charge for the year	**147,275**	146,310
	Deductions during the year	**-**	(82,455)
	Depreciation to date	**409,511**	262,236
	Net Block	**8,631,564**	8,739,708
II.	Other fixed assets (including furniture & fixtures)		
	Gross Block		
	At cost at the beginning of the year	**26,834,786**	25,147,573
	Additions during the year	**4,136,185**	3,265,751
	Deductions during the year	**(566,132)**	(1,578,538)
	TOTAL	**30,404,839**	26,834,786
	Depreciation		
	As at the beginning of the year	**13,688,918**	11,561,967
	Charge for the year	**3,370,068**	3,276,053
	Deductions during the year	**(327,940)**	(1,149,102)
	Depreciation to date	**16,731,046**	13,688,918
	Net Block	**13,673,793**	13,145,868
III.	CAPITAL WORK-IN-PROGRESS (including capital advances)	**1,251,063**	707,674
	GRAND TOTAL (I+II+III)	**23,556,420**	22,593,250

SCHEDULE 11 - OTHER ASSETS			
I.	Inter-office adjustments (net)	**-**	-
II.	Interest Accrued	**27,143,759**	24,194,553
III.	Tax paid in advance/tax deducted at source (net of provisions)	**270,351**	1,185,052
IV.	Stationery and stamps	**11,221**	12,623
V.	Non banking assets acquired in satisfaction of claims	**209,600**	262,681
VI.	Others #	**43,030,690**	39,174,373
	TOTAL	**70,665,621**	64,829,282

Includes deferred tax assets of ₹1,374.77 crores (previous year ₹1,027.45 crores)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2013

			As at 31-03-2013 (₹ in Thousands)	As at 31-03-2012 (₹ in Thousands)
SCHEDULE 12 - CONTINGENT LIABILITIES				
I.	Claims against the Bank not acknowledged as debts		**1,667,558**	2,602,138
II.	Liability for partly paid investments		**-**	-
III.	Liability on account of outstanding forward exchange and derivative contracts :			
	(a)	Forward Contracts	**2,320,162,574**	2,009,254,981
	(b)	Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	**2,210,541,350**	1,752,490,787
	(c)	Foreign Currency Options	**80,228,625**	130,543,459
	TOTAL (a+b+c)		**4,610,932,549**	3,892,289,227
IV.	Guarantees given on behalf of constituents			
	In India		**517,036,841**	467,505,902
	Outside India		**111,222,144**	98,612,604
V.	Acceptances, endorsements and other obligations		**228,015,939**	302,612,607
VI.	Other items for which the Bank is contingently liable		**12,283,920**	38,751,269
	GRAND TOTAL (I+II+III+IV+V+VI)		**5,481,158,951**	4,802,373,747

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2013

		Year ended 31-03-2013 (₹ in Thousands)	Year ended 31-03-2012 (₹ in Thousands)
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/discount on advances/bills	**191,662,356**	153,793,526
II.	Income on investments	**77,469,805**	63,942,666
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	**1,112,621**	984,267
IV.	Others	**1,580,962**	1,226,015
	TOTAL	**271,825,744**	219,946,474
SCHEDULE 14 - OTHER INCOME			
I.	Commission, exchange and brokerage	**50,251,479**	43,417,022
II.	Profit/(Loss) on sale of investments (net)	**5,863,030**	728,329
III.	Profit/(Loss) on sale of fixed assets (net)	**(44,662)**	203,026
IV.	Profit on exchange/derivative transactions (net)	**6,640,744**	6,739,668
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	**15,000**	11,250
VI.	Miscellaneous income	**2,785,472**	3,102,868
	[including recoveries on account of advances/investments written off in earlier years ₹268.51 crores (previous year ₹291.84 crores) and net loss on account of portfolio sell downs/securitisation ₹5.88 crores (previous year net loss of ₹1.60 crores)]		
	TOTAL	**65,511,063**	54,202,163
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on deposits	**150,155,486**	121,836,378
II.	Interest on Reserve Bank of India/Inter-bank borrowings	**4,596,175**	2,319,578
III.	Others	**20,411,450**	15,613,068
	TOTAL	**175,163,111**	139,769,024
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for employees	**23,769,825**	20,801,677
II.	Rent, taxes and lighting	**7,506,045**	6,564,159
III.	Printing and stationery	**1,003,940**	934,980
IV.	Advertisement and publicity	**1,196,483**	881,458
V.	Depreciation on bank's property	**3,517,343**	3,422,363
VI.	Directors' fees, allowance and expenses	**15,355**	8,397
VII.	Auditors' fees and expenses	**11,088**	9,267
VIII.	Law charges	**179,019**	182,725
IX.	Postage, telegrams, telephones etc.	**2,791,263**	2,586,992
X.	Repairs and maintenance	**5,858,902**	5,294,832
XI.	Insurance	**2,622,194**	2,312,956
XII.	Other expenditure	**20,670,918**	17,071,189
	TOTAL	**69,142,375**	60,070,995

17 Significant accounting policies for the year ended 31 March, 2013

1 Background

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

2 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, and comply with the generally accepted accounting principles, 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 the Companies (Accounting Standards) Rules, 2006, to the extent applicable and current practices prevailing within the banking industry in India.

3 Use of estimates

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

4 Significant accounting policies

4.1 Investments

Classification

In accordance with the RBI guidelines, investments are classified at the date 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 as on that date.

Investments that the Bank intends to hold till maturity are classified under the HTM category.

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, 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. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

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

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

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

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

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

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

Realised gains on investments under the HTM category are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account.

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

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions [excluding those conducted under the Liquid Adjustment Facility ('LAF') with RBI] are accounted as collateralised borrowing and lending respectively. Such transactions done under LAF are accounted as outright sale and outright purchase respectively. However, depreciation in their value, if any, compared to their original cost, is recognised in the Profit and Loss Account.

Policy for Short Sale

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

4.2 Advances

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

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

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

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

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

A general provision @ 0.25% in case of direct advances to agricultural and SME sectors, 1% in respect of advances classified as commercial real estate, 2% in respect of housing loans at teaser rates, 2.75% (previous year 2%) in respect of certain class of restructured assets and 0.40% for all other advances is made as prescribed by the RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI.

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

4.3 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

4.4 Securtisation

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securtisation, 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 the Companies (Accounting Standards) Rules, 2006.

In accordance with RBI guidelines of 7 May 2012, on 'Guidelines on Securitisation of Standard Assets', gain on securtisation transaction is recognised over the period of the underlying securities issued by the SPV as prescribed under RBI guidelines. Loss on securtisation 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 are translated as follows:

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

Outstanding forward exchange contracts (excluding currency swaps undertaken to hedge foreign currency assets/ liabilities and funding swaps which are not revalued) and spot exchange contracts are revalued at year end exchange rates notified by FEDAI for specified maturities and at interpolated rates for contract of interim maturities. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines. The forward exchange contracts of longer maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the Profit and Loss Account.

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 foreign exchange contracts/options, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

4.6 *Derivative transactions*

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. The premium on option contracts is accounted for as per FEDAI guidelines. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive Mark to Market (MTM) in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss account and are held in separate Suspense account.

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

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange.

4.7 *Revenue recognition*

Interest income is recognised on an accrual basis except interest income on non-performing assets, which is recognised on receipt in accordance with AS-9, Revenue Recognition as notified under the Companies (Accounting Standards) Rules, 2006 and the RBI guidelines.

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

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

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

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

Gain or loss arising on sale of NPAs is accounted as per the guidelines prescribed by the RBI, which require provisions to be made for any deficit (where sale price is lower than the net book value), while surplus (where sale price is higher than the net book value) is ignored.

4.8 *Fixed assets and depreciation*

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

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

Depreciation is provided on the straight-line method from the date of addition. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the Management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then depreciation is provided at a higher rate based on the Management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation has been provided using the following estimated useful lives:

Asset	Estimated useful life
Owned premises	61 years
Assets given on operating lease	20 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	16 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

All fixed assets individually costing less than ₹5,000 are fully depreciated in the year of installation.

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

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

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

4.9 Lease transactions

Assets given on operating lease are capitalised at cost. Rentals received by the Bank are recognised in the Profit and Loss Account on accrual basis.

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

4.10 Retirement and other employee benefits

Provident Fund

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

Gratuity

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

Leave Encashment

Short term compensated absences are provided for based on estimates. The Bank provides leave encashment benefit (long term), which is a defined benefit scheme 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.

Superannuation

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

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

4.11 Debit/Credit card reward points

The Bank estimates the probable redemption of debit and credit card reward points using an actuarial method at the Balance Sheet date by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

4.12 Taxation

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

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

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

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

4.13 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 78 of the Companies Act, 1956.

4.14 Earnings per share

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified by the Companies (Accounting Standards) Rules, 2006. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

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

4.15 Employee stock option scheme

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

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

4.16 Provisions, contingent liabilities and contingent assets

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

A disclosure of contingent liability is made when there is:

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

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

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

18 Notes forming part of the financial statements for the year ended 31 March, 2013

(Currency: In Indian Rupees)

1 a) On 17 November, 2010, the Board of Directors of the Bank had approved the acquisition of certain financial services businesses undertaken by Enam Securities Private Limited (ESPL) directly and through its wholly owned subsidiaries, by Axis Securities and Sales Limited (ASSL), a wholly owned subsidiary of the Bank by way of a demerger. However, pursuant to conditions prescribed by the Reserve Bank of India, certain modifications were carried out to the demerger structure in terms of a revised Scheme of Arrangement under Sections 391-394 and other relevant provisions of the Companies Act, 1956. Accordingly, the acquisition now comprises of (a) a demerger of the financial services businesses ("the business") from ESPL to the Bank, in consideration of which the Bank will issue shares to the shareholders of ESPL, and (b) immediately upon completion of the demerger under the Scheme, a simultaneous sale of the financial services businesses will be undertaken from the Bank to ASSL for a cash consideration, with both the aforesaid steps occurring simultaneously.

The Reserve Bank of India has on 30 March, 2012, conveyed it's no objection to the Scheme. Further, on 27 April, 2012, the Board of Directors of the Bank approved the reassessment of the valuation of the ESPL business at ₹1,396 crores and consequently, in consideration for the demerger of the financial services business of ESPL, the Bank was required to issue shares in the ratio of 5 equity shares of the Bank of the face value of ₹10 each for every 1 equity share of ₹10 each held by the shareholders of ESPL. The sale of the financial services businesses was to be simultaneously undertaken from the Bank to ASSL for a cash consideration of ₹274.15 crores only.

On 18 October, 2012, the Bank received the necessary approvals under applicable law from various regulatory authorities to the revised Scheme of Arrangement in respect of the demerger of the financial services businesses from ESPL to the Bank and simultaneous sale of such businesses to ASSL (now known as Axis Capital Limited ("ACL")), a wholly owned subsidiary of the Bank, with effect from 1 April, 2010 and consequently, the Bank has issued 12,090,000 equity shares of the face value of ₹10 each to the shareholders of ESPL amounting to ₹12.09 crores and accounted for the net assets of ESPL of ₹274.15 crores at book value. Further, as advised by RBI, an amount of ₹262.06 crores being the difference between the value of the net assets acquired from ESPL and the shares issued has been transferred to the capital reserve.

There was a simultaneous transfer of the business by the Bank to ACL and a consideration of ₹274.15 crores was received against the transfer of the net assets of equivalent value. The appointed date under the Scheme is 1 April, 2010.

b) During the year, the Bank raised additional equity capital through a Qualified Institutional Placement (QIP) of 34,000,000 shares and a preferential allotment of 5,837,945 shares at a price of ₹1,390.00 per share. As a consequence, the paid-up share capital of the Bank has increased by ₹39.84 crores and the reserves of the Bank have increased by ₹5,457.76 crores after charging of issue related expenses. The funds mobilised from the equity raising (through QIP and Preferential issue) were utilised for enhancing the capital adequacy ratio and for general corporate purposes.

2 Statutory disclosures as per RBI

2.1.1 'Provisions and contingencies' recognised in the Profit and Loss Account include:

(₹ in crores)

For the year ended	**31 March, 2013**	31 March, 2012
Provision for income tax		
- Current tax for the year	**2,720.58**	2,256.23
- Deferred tax for the year	**(347.32)**	(210.60)
	2,373.26	2,045.63
Provision for wealth tax	**0.38**	0.36
Provision for non-performing assets (including bad debts written off and write backs)	**1,179.22**	860.43

(₹ in crores)

For the year ended	31 March, 2013	31 March, 2012
Provision for restructured assets	**103.95**	88.86
Provision towards standard assets	**196.68**	150.30
Provision for depreciation in value of investments	**(103.94)**	58.10
Provision for country risk	**(9.63)**	4.81
Provision for other contingencies	**383.78**	(19.83)
Total	**4,123.70**	3,188.66

2.1.2 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (Basel II requirement being higher) is set out below:

(₹ in crores)

	31 March, 2013	31 March, 2012
Capital adequacy		
Tier I	**31,596.80**	21,886.11
Tier II	**12,334.32**	9,758.84
Total capital	**43,931.12**	31,644.95
Total risk weighted assets and contingents	**258,355.49**	231,711.39
Capital ratios		
Tier I	**12.23%**	9.45%
Tier II	**4.77%**	4.21%
CRAR	**17.00%**	13.66%
Amount raised by issue of Innovative Perpetual Debt Instruments (IPDI)	**-**	-
Amount raised by issue of Upper Tier II instruments	**-**	-
Amount of Subordinated Debt raised as Tier II capital (details given below)	**₹2,500 crores**	₹3,425 crores

During the year ended 31 March, 2013, the Bank raised subordinated debt of ₹2,500 crores, the details of which are set out below:

Date of allotment	Period	Coupon	Amount
31 December, 2012	120 months	9.15%	₹2,500.00 crores

During the year ended 31 March, 2012, the Bank raised subordinated debt of ₹3,425 crores, the details of which are set out below:

Date of allotment	Period	Coupon	Amount
1 December, 2011	120 months	9.73%	₹1,500.00 crores
20 March, 2012	120 months	9.30%	₹1,925.00 crores

During the year ended 31 March, 2013, the Bank redeemed subordinated debt of ₹622 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
20 June, 2012	117 months	9.30%	₹62.00 crores
25 July, 2012	84 months	8.67%	₹500.00 crores
21 September, 2012	117 months	8.95%	₹60.00 crores

During the year ended 31 March, 2012, the Bank redeemed subordinated debt of ₹5 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
26 April, 2011	93 months	6.70%	₹5.00 crores

2.1.3 The Bank has not raised any hybrid capital during the years ended 31 March, 2013 and 31 March, 2012.

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

As at	31 March, 2013	31 March, 2012
	%	%
Interest income as a percentage to working funds#	**8.90**	8.71
Non-interest income as a percentage to working funds#	**2.15**	2.15
Operating profit as a percentage to working funds#	**3.05**	2.94
Return on assets (based on working funds)#	**1.70**	1.68
Business (deposits less inter bank deposits plus advances) per employee**	**₹12.15 crores**	₹12.76 crores
Profit per employee**	**₹0.15 crore**	₹0.14 crore
Net non performing assets as a percentage of net customer assets*	**0.32**	0.25

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

* Net Customer assets include advances and credit substitutes

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

2.1.5 The provisioning coverage ratio of the Bank computed in terms of the RBI guidelines as on 31 March, 2013 was 79.15% (previous year 80.91%).

2.1.6 Asset Quality

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

	31 March, 2013	31 March, 2012
	%	%
Net non-performing assets as a percentage of net advances	**0.36**	0.27

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

(₹ in crores)

	31 March, 2013			
	Advances	**Investments**	**Others***	**Total**
Gross NPAs as at the beginning of the year	1,720.23	79.46	6.61	1,806.30
Intra Category Transfer	18.75	(18.75)	-	-
Additions (fresh NPAs) during the year	2,015.13	3.12	5.11	2,023.36
Sub-total (A)	**3,754.11**	**63.83**	**11.72**	**3,829.66**
Less:-				
(i) Upgradations	329.15	-	-	329.15
(ii) Recoveries (excluding recoveries made from upgraded accounts)	253.90	1.21	-	255.11
(iii) Write-offs	799.65	52.33	-	851.98
Sub-total (B)	**1,382.70**	**53.54**	**-**	**1,436.24**
Gross NPAs as at the end of the year (A-B)	**2,371.41**	**10.29**	**11.72**	**2,393.42**

(₹ in crores)

	31 March, 2012			
	Advances	**Investments**	**Others***	**Total**
Gross NPAs as at the beginning of the year	1,586.99	12.43	-	1,599.42
Intra Category Transfer	(5.29)	-	5.29	-
Additions (fresh NPAs) during the year	1,772.81	67.81	1.32	1,841.94
Sub-total (A)	**3,354.51**	**80.24**	**6.61**	**3,441.36**
Less:-				
(i) Upgradations	744.99	-	-	744.99
(ii) Recoveries (excluding recoveries made from upgraded accounts)	223.41	0.78	-	224.19
(iii) Write-offs	665.88	-	-	665.88
Sub-total (B)	**1,634.28**	**0.78**	**-**	**1,635.06**
Gross NPAs as at the end of the year (A-B)	**1,720.23**	**79.46**	**6.61**	**1,806.30**

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

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

(₹ in crores)

	31 March, 2013			
	Advances	**Investments**	**Others**	**Total**
Opening balance at the beginning of the year	455.58	15.94	1.12	472.64
Additions during the year*	834.07	(15.68)	(1.12)	817.27
Reductions during the year	(565.06)	2.81	-	(562.25)
Interest Capitalisation – Restructured NPA Accounts	(20.46)	(3.07)	-	(23.53)
Closing balance at the end of the year	**704.13**	**-**	**-**	**704.13**

*includes transfer from non-performing investments to non-performing loans amounting to ₹18.75 crores

(₹ in crores)

	31 March, 2012			
	Advances	**Investments**	**Others**	**Total**
Opening balance at the beginning of the year	410.35	-	-	410.35
Additions during the year	1,000.15	15.94	1.12	1,017.21
Reductions during the year	(947.51)	-	-	(947.51)
Interest Capitalisation – Restructured NPA Accounts	(7.41)	-	-	(7.41)
Closing balance at the end of the year	**455.58**	**15.94**	**1.12**	**472.64**

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

(₹ in crores)

	31 March, 2013			
	Advances	**Investments**	**Others**	**Total**
Opening balance at the beginning of the year	1,254.91	63.52	5.49	1,323.92
Provisions made during the year	1,185.92	0.05	6.23	1,192.20
Transfer from restructuring provision	13.89	-	-	13.89
Write-offs/(write back) of excess provision	(817.64)	(56.35)	-	(873.99)
Closing balance at the end of the year	**1,637.08**	**7.22**	**11.72**	**1,656.02**

(₹ in crores)

	31 March, 2012			
	Advances	**Investments**	**Others**	**Total**
Opening balance at the beginning of the year	1,174.31	12.43	-	1,186.74
Provisions made during the year	768.75	51.87	5.49	826.11
Transfer to restructuring provision	(1.38)	-	-	(1.38)
Write-offs/(write back) of excess provisions	(686.77)	(0.78)	-	(687.55)
Closing balance at the end of the year	**1,254.91**	**63.52**	**5.49**	**1,323.92**

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

(₹ in crores)

	31 March, 2013	31 March, 2012
Total exposure to top four NPA accounts	**938.23**	582.10

vi) Non-performing assets as percentage of total assets in that sector is set out below:

Sr. No.	**Sector**	**31 March, 2013 %**	31 March, 2012 %
1.	Agriculture and allied activities	**2.36**	2.33
2.	Industry (Micro & Small, Medium and Large)	**1.09**	0.75
3.	Services*	**1.60**	0.96
4.	Personal loans	**0.64**	0.81

* includes 0.01% (previous year 0.01%) NPAs in respect of commercial real estate and 0.08% (previous year 0.16%) in respect of trade segment

2.1.7 Movement in floating provision is set out below:

(₹ in crores)

For the year ended	**31 March, 2013**	31 March, 2012
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

(₹ in crores)

	31 March, 2013	31 March, 2012
Provision towards Standard Assets [includes ₹18.47 crores (previous year ₹21.61 crores) of standard provision on derivative exposures]	**976.64**	779.96

2.1.9 Details of Investments are set out below:

i) Value of Investments:

(₹ in crores)

	31 March, 2013	31 March, 2012
1) Gross value of Investments		
a) In India	**113,127.94**	92,875.81
b) Outside India	**840.43**	707.35
2) (i) Provision for Depreciation		
a) In India	**(261.34)**	(348.00)
b) Outside India	**37.73**	20.45
(ii) Provision for Non-Performing Investments		
a) In India	**(7.22)**	(63.01)
b) Outside India	**-**	(0.51)

	31 March, 2013	31 March, 2012
3) Net value of Investments		
a) In India	**112,859.38**	92,464.80
b) Outside India	**878.16**	727.29

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

(₹ in crores)

	31 March, 2013	31 March, 2012
Opening balance	**327.55**	269.45
Add: Provisions made during the year	**-**	105.97
Less: Write-offs/write back of excess provisions during the year	**103.94**	47.87
Closing balance	**223.61**	327.55

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

(₹ in crores)

As at	31 March, 2013	31 March, 2012
A. Exposure to Real Estate Sector		
1) Direct Exposure		
(i) Residential mortgages	**41,550.75**	30,774.98
- of which housing loans eligible for inclusion in priority sector advances	**13,312.69**	10,248.76
(ii) Commercial real estate	**11,356.68**	11,292.31
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	**-**	-
b. Commercial real estate	**-**	-
2) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**9,113.26**	10,663.10
Total Exposure to Real Estate Sector	**62,020.69**	52,730.39
B. Exposure to Capital Market		
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	**1,205.59**	1,326.85
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	**1.73**	2.48
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	**1,249.18**	448.09
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	**1,171.95**	1.55

(₹ in crores)

As at		31 March, 2013	31 March, 2012
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	**2,603.33**	2,521.87
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	**22.90**	303.11
7.	Bridge loans to companies against expected equity flows/issues	**3.38**	2.00
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)	**106.78**	140.90
Total exposure to Capital Market (Total of 1 to 10)		**6,364.84**	4,746.85

2.1.11 During the year ended 31 March, 2013 & 31 March, 2012 there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as collateral by the Bank.

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

i) Issuer composition as at 31 March, 2013 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	6,045.10	5,275.03	-	-	44.78
ii.	Financial Institutions	10,621.91	9,145.77	-	-	6,980.42
iii.	Banks	4,984.86	1,126.60	-	-	4,343.95
iv.	Private Corporates	17,859.44	15,143.54	1,274.01	142.67	3,152.90
v.	Subsidiaries/Joint Ventures	421.44	421.44	-	-	421.44
vi.	Others	1,785.74	1,508.48	-	-	1,599.99
vii.	Provision held towards depreciation on investments	(223.59)				
viii	Provision held towards non performing investments	(7.22)				
	Total	**41,487.68**	**32,620.86**	**1,274.01**	**142.67**	**16,543.48**

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

Issuer composition as at 31 March, 2012 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	3,220.12	2,202.86	167.00	-	10.00
ii.	Financial Institutions	9,681.20	7,824.38	-	-	5,100.53
iii.	Banks	5,160.69	2,531.39	-	-	4,427.19
iv.	Private Corporates	16,270.98	13,134.49	486.34	175.59	743.69
v.	Subsidiaries/Joint Ventures	349.55	349.55	-	-	349.55
vi.	Others	412.65	258.17	-	-	290.71
vii.	Provision held towards depreciation on investments	(255.79)				
viii	Provision held towards non performing investments	(63.52)				
	Total	**34,775.88**	**26,300.84**	**653.34**	**175.59**	**10,921.67**

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

* Excludes investments in non-SLR government securities amounting to ₹127.91 crores (Previous year ₹156.68 crores)

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

(₹ in crores)

	31 March, 2013	31 March, 2012
Opening balance	79.46	12.43
Additions during the year	3.12	67.81
Reductions during the year	(72.29)*	(0.78)
Closing balance	**10.29**	79.46
Total provisions held	7.22	63.52

*includes transfer from non-performing investments to non-performing loans amounting to ₹18.75 crores

2.1.13 Details of securities sold/purchased (in face value terms) during the years ended 31 March, 2013 and 31 March, 2012 under repos/reverse repos (excluding LAF transactions):

Year ended 31 March, 2013 *(₹ in crores)*

	Minimum outstanding during the year	**Maximum outstanding during the year**	**Daily Average outstanding during the year**	**As at 31 March, 2013**
Securities sold under repos				
i. Government Securities	-	119.35	0.62	-
ii. Corporate debt Securities	-	-	-	-
Securities purchased under reverse repos				
i. Government Securities	-	6,036.59	416.78	-
ii. Corporate debt Securities	-	-	-	-

Year ended 31 March, 2012 (₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2012
Securities sold under repos				
i. Government Securities	-	122.15	26.31	-
ii. Corporate debt Securities	-	-	-	-
Securities purchased under reverse repos				
i. Government Securities	-	1,952.36	105.45	-
ii. Corporate debt Securities	-	-	-	-

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

(₹ in crores)

	31 March, 2013	31 March, 2012
Number of accounts*	-	-
Book value of loan asset securitised*	-	-
Aggregate value (net of provisions) of accounts sold	-	-
Aggregate consideration	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

* Excludes 30 accounts already written-off from books amounting to ₹93.15 crores (Previous year 71 accounts amounting to ₹277.73 crores)

2.1.15 During the years ended 31 March, 2013 and 31 March, 2012 there were no Non-Performing Financial Assets Purchased or Sold (excluding accounts previously written off) by the Bank.

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

(₹ in crores)

S. No.	**Particulars**	**31 March, 2013**	31 March, 2012
1	No. of SPVs sponsored by the bank for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the bank	-	-
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	-	-
	Others	-	-

(₹ in crores)

S. No.	Particulars	31 March, 2013	31 March, 2012
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	**-**	-
	Loss	**-**	-
	ii) Exposure to third party securitisations		
	First loss	**-**	-
	Others	**-**	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	**-**	-
	Loss	**-**	-
	ii) Exposure to third party securitisations		
	First loss	**-**	-
	Others	**-**	-

2.1.17 The information on concentration of deposits is given below:

(₹ in crores)

	31 March, 2013	31 March, 2012
Total deposits of twenty largest depositors	**35,083.32**	31,117.71
Percentage of deposits of twenty largest depositors to total deposits	**13.89**	14.14

2.1.18 The information on concentration of advances* is given below:

(₹ in crores)

	31 March, 2013	31 March, 2012
Total advances to twenty largest borrowers	**39,764.46**	40,359.18
Percentage of advances to twenty largest borrowers to total advances of the Bank	**10.59**	11.87

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

2.1.19 The information on concentration of exposure* is given below:

(₹ in crores)

	31 March, 2013	31 March, 2012
Total exposure to twenty largest borrowers/customers	**48,982.01**	45,791.99
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	**11.82**	12.29

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

2.1.20 During the year ended 31 March, 2013 and 31 March, 2012, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

2.1.21 Details of Risk Category wise Country Exposure:

(₹ in crores)

Risk Category	Exposure (Net) as at 31 March, 2013	Provision Held as at 31 March, 2013	Exposure (Net) as at 31 March, 2012	Provision Held as at 31 March, 2012
Insignificant	**553.49**	**-**	1,877.46	-
Low	**11,220.91**	**-**	13,397.86	9.63
Moderate	**2,290.54**	**-**	2,667.73	-
High	**2,369.79**	**-**	702.55	-
Very High	**761.53**	**-**	518.24	-
Restricted	**0.17**	**-**	0.07	-
Off-Credit	**-**	**-**	0.06	-
Total	**17,196.43**	**-**	19,163.97	9.63

2.1.22 A maturity pattern of certain items of assets and liabilities at 31 March, 2013 and 31 March, 2012 is set out below:

Year ended 31 March, 2013 *(₹ in crores)*

	1 day	2 days to 7 days	8 days to 14 days	15 days to 28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	2,738.92	10,164.38	5,246.82	6,590.52	26,258.30	28,536.37	35,326.44	33,216.55	22,444.23	82,091.06	**252,613.59**
Advances	2,317.44	1,959.35	1,777.23	2,438.04	10,197.27	11,220.30	12,348.87	45,312.01	26,146.22	83,249.23	**196,965.96**
Investments	6,816.23	9,369.90	2,850.59	2,496.50	8,249.24	9,327.98	11,780.01	20,263.99	9,049.77	33,533.33	**113,737.54**
Borrowings	65.02	568.94	386.33	786.68	3,918.49	4,049.95	6,605.00	7,605.93	9,370.80	10,593.96	**43,951.10**
Foreign Currency Assets	1,927.10	2,779.48	403.75	4,388.79	7,679.14	4,063.19	3,013.13	6,743.88	7,194.70	9,655.30	**47,848.46**
Foreign Currency Liabilities	141.57	2,206.50	317.82	1,426.23	4,823.23	5,423.32	12,361.81	7,496.34	9,070.70	4,340.63	**47,608.15**

Year ended 31 March, 2012 *(₹ in crores)*

	1 day	2 days to 7 days	8 days to 14 days	15 days to 28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	1,959.72	7,135.57	7,596.24	7,681.44	23,774.95	25,808.43	53,359.17	18,231.86	13,844.74	60,712.18	**220,104.30**
Advances	2,707.12	1,219.95	1,152.06	1,532.15	9,362.88	10,988.78	11,477.47	39,002.39	23,791.70	68,525.04	**169,759.54**
Investments	1,815.57	4,967.79	3,691.25	5,874.62	13,506.00	7,463.40	15,172.80	13,743.18	6,997.13	19,960.35	**93,192.09**
Borrowings	-	464.44	1,907.21	1,420.21	2,800.74	4,317.12	2,221.73	3,504.87	6,597.90	10,837.45	**34,071.67**
Foreign Currency Assets	1,432.15	1,956.25	629.68	670.58	2,949.75	2,497.41	2,139.05	6,067.84	5,943.49	8,192.57	**32,478.77**
Foreign Currency Liabilities	731.15	3,662.42	2,378.68	2,289.33	5,357.83	4,265.14	4,882.35	2,781.96	6,165.64	4,655.76	**37,170.26**

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 forward contracts.

2.1.23 Details of loan assets subjected to restructuring during the year ended 31 March, 2013 are given below:

(₹ *in crores*)

Type of Restructuring		Under CDR Mechanism (I)					Under SME Debt Restructuring Mechanism (II)				
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	17	-	1	3	21	7	1	-	9	17
	Amount Outstanding – Restructured facility	1,040.37	-	4.19	61.05	1,105.61	92.54	0.03	-	24.89	117.46
	Amount Outstanding – Other facility	21.97	-	-	9.44	31.41	6.09	-	-	5.29	11.38
	Provision thereon	144.55	-	-	-	144.55	3.51	-	-	-	3.51
Movement in balance for accounts appearing under opening balance[1]	No. of borrowers	-	-	-	-	-	(1)	-	-	(3)	(4)
	Amount Outstanding – Restructured facility	162.01	-	0.11	-	162.12	(1.50)	-	-	(2.78)	(4.28)
	Amount Outstanding – Other facility	4.57	-	-	-	4.57	0.44	-	-	(1.10)	(0.66)
	Provision thereon	(57.95)	-	-	-	(57.95)	(1.40)	-	-	-	(1.40)
Fresh Restructuring during the year[2,3]	No. of borrowers	17	-	1	-	18	2	-	-	-	2
	Amount Outstanding – Restructured facility	1,430.47	-	66.92	-	1,497.39	55.63	-	-	-	55.63
	Amount Outstanding – Other facility	23.22	-	-	-	23.22	-	-	-	-	-
	Provision thereon	139.68	-	3.12	-	142.80	6.60	-	-	-	6.60
Upgradation to restructured standard category during the FY	No. of borrowers	1	-	(1)	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	84.33	-	(84.33)	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	17.22	-	(17.22)	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(2)				(2)	(1)				(1)
	Amount Outstanding – Restructured facility	(77.69)				(77.69)	(2.63)				(2.63)
	Amount Outstanding – Other facility	(2.40)				(2.40)	(2.66)				(2.66)
	Provision thereon	(10.26)				(10.26)	-				-
Downgradation of restructured accounts during the FY[4]	No. of borrowers	(3)	3	1	1	2	-	-	1	2	3
	Amount Outstanding – Restructured facility	(176.52)	88.89	84.33	58.30	55.00	-	3.00	0.03	3.50	6.53
	Amount Outstanding – Other facility	-	22.24	-	-	22.24	-	-	-	2.50	2.50
	Provision thereon	(21.02)	10.65	17.22	-	6.85	-	-	-	-	-
Write-offs of restructured accounts during the FY[5,6]	No. of borrowers	-	-	-	-	-	-	-	-	(3)	(3)
	Amount Outstanding – Restructured facility	-	-	-	(28.94)	(28.94)	-	-	-	(1.15)	(1.15)
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	(2.85)	(2.85)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	30	3	2	4	39	7	1	1	5	14
	Amount Outstanding – Restructured facility	2,462.97	88.89	71.22	90.41	2,713.49	144.04	3.03	0.03	24.46	171.56
	Amount Outstanding – Other facility	47.36	22.24	-	9.44	79.04	3.87	-	-	3.84	7.71
	Provision thereon	212.22	10.65	3.12	-	225.99	8.71	-	-	-	8.71

(₹ *in crores*)

Type of Restructuring (Contd. from above)		Others (III)					Total (I + II+ III)				
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	256	18	15	12	301	280	19	16	24	339
	Amount Outstanding – Restructured facility	1,044.90	24.18	2.65	83.06	1,154.79	2,177.81	24.21	6.84	169.00	2,377.86
	Amount Outstanding – Other facility	54.93	1.49	-	-	56.42	82.99	1.49	-	14.73	99.21
	Provision thereon	4.44	0.20	-	-	4.64	152.50	0.20	-	-	152.70
Movement in balance for accounts appearing under opening balance[1]	No. of borrowers	(23)	(3)	(4)	-	(30)	(24)	(3)	(4)	(3)	(34)
	Amount Outstanding – Restructured facility	(193.54)	0.65	(0.88)	(2.21)	(195.98)	(33.03)	0.65	(0.77)	(4.99)	(38.14)
	Amount Outstanding – Other facility	10.41	(0.71)	-	-	9.70	15.42	(0.71)	-	(1.10)	13.61
	Provision thereon	26.74	(0.09)	-	-	26.65	(32.61)	(0.09)	-	-	(32.70)
Fresh Restructuring during the year[2, 3]	No. of borrowers	1,168	-	-	-	1,168	1,187	-	1	-	1,188
	Amount Outstanding – Restructured facility	975.28	-	-	-	975.28	2,461.38	-	66.92	-	2,528.30
	Amount Outstanding – Other facility	18.17	-	-	-	18.17	41.39	-	-	-	41.39
	Provision thereon	30.01	-	-	-	30.01	176.29	-	3.12	-	179.41
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	1	-	(1)	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	84.33	-	(84.33)	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	17.22	-	(17.22)	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(5)				(5)	(8)				(8)
	Amount Outstanding – Restructured facility	(5.43)				(5.43)	(85.75)				(85.75)
	Amount Outstanding – Other facility	(3.71)				(3.71)	(8.77)				(8.77)
	Provision thereon	(0.05)				(0.05)	(10.31)				(10.31)
Downgradation of restructured accounts during the FY[4]	No. of borrowers	(84)	99	7	8	30	(87)	102	9	11	35
	Amount Outstanding – Restructured facility	(60.71)	(12.81)	24.25	50.91	1.64	(237.23)	79.08	108.61	112.71	63.17
	Amount Outstanding – Other facility	(2.69)	2.43	0.51	0.08	0.33	(2.69)	24.67	0.51	2.58	25.07
	Provision thereon	(0.07)	(0.02)	0.10	-	0.01	(21.09)	10.63	17.32	-	6.86
Write-offs of restructured accounts during the FY[5,6]	No. of borrowers	-	(22)	(1)	(2)	(25)	-	(22)	(1)	(5)	(28)
	Amount Outstanding – Restructured facility	-	(0.83)	(0.01)	(113.05)	(113.89)	-	(0.83)	(0.01)	(143.14)	(143.98)
	Amount Outstanding – Other facility	-	(0.28)	-	-	(0.28)	-	(0.28)	-	(2.85)	(3.13)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	1,312	92	17	18	1,439	1,349	96	20	27	1,492
	Amount Outstanding – Restructured facility	1,760.50	11.19	26.01	18.71	1,816.41	4,367.51	103.11	97.26	133.58	4,701.46
	Amount Outstanding – Other facility	77.11	2.93	0.51	0.08	80.63	128.34	25.17	0.51	13.36	167.38
	Provision thereon	61.07	0.09	0.10	-	61.26	282.00	10.74	3.22	-	295.96

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2013

[1]Includes accounts closed during the year on account of payment of outstanding facilities by the borrower

[2]Amount reported here represents outstanding as on 31 March, 2013. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹2,110.09 crore for the FY 2012-13

[3]Includes accounts on account of re-work of restructuring and these accounts are not included in opening balance of standard restructured accounts

[4]Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY

[5]Includes accounts partially written-off during the year

[6]Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books

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

(₹ in crores)

Sr. No.	Items	As at 31 March, 2013	As at 31 March, 2012
i)	Notional principal of swap agreements	**221,054.14**	175,249.08
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**1,697.05**	1,799.58
iii)	Collateral required by the Bank upon entering into swaps	**364.53**	260.61
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps/FRAs	**2,288.76**	2,334.72
	- Cross Currency Swaps	**615.67**	461.46
v)	Fair value of the swap book (hedging & trading)		
	- Interest Rate Swaps/FRAs	**261.50**	315.89
	- Currency Swaps	**334.55**	167.84

The nature and terms of the IRS as on 31 March, 2013 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	38	10,938.43	LIBOR	Fixed receivable v/s floating payable
Trading	50	1,799.10	INBMK	Fixed receivable v/s floating payable
Trading	65	3,867.00	INBMK	Floating receivable v/s fixed payable
Trading	143	8,096.09	LIBOR	Fixed receivable v/s floating payable
Trading	220	11,656.12	LIBOR	Floating receivable v/s fixed payable
Trading	12	835.99	LIBOR	Floating receivable v/s floating payable
Trading	3	81.43	LIBOR	Pay cap
Trading	3	81.43	LIBOR	Receive cap
Trading	884	79,333.63	MIBOR	Fixed receivable v/s floating payable
Trading	924	77,695.32	MIBOR	Floating receivable v/s fixed payable
Trading	203	8,045.00	MIFOR	Fixed receivable v/s floating payable
Trading	100	4,222.00	MIFOR	Floating receivable v/s fixed payable
Trading	1	150.00	OTHERS	Fixed payable v/s fixed receivable
Trading	1	447.85	LIBOR	Pay cap/receive floor
Trading	1	447.85	LIBOR	Pay floor/receive cap
	2,648	**207,697.24**		

The nature and terms of the IRS as on 31 March, 2012 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	5	450.00	MIBOR	Fixed receivable v/s floating payable
Trading	1,058	65,107.82	MIBOR	Fixed receivable v/s floating payable
Trading	1,020	60,976.02	MIBOR	Fixed payable v/s floating receivable
Trading	154	6,161.00	MIFOR	Fixed receivable v/s floating payable
Trading	112	4,402.00	MIFOR	Fixed payable v/s floating receivable
Trading	60	2,560.10	INBMK	Fixed receivable v/s floating payable
Trading	74	4,628.00	INBMK	Fixed payable v/s floating receivable
Hedging	21	6,410.25	LIBOR	Fixed receivable v/s floating payable

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	122	6,120.15	LIBOR	Fixed receivable v/s floating payable
Trading	180	8,473.81	LIBOR	Fixed payable v/s floating receivable
Trading	1	150.00	OTHERS	Fixed payable v/s fixed receivable
Trading	1	419.72	LIBOR	Pay cap/receive floor
Trading	1	419.72	LIBOR	Pay floor/receive cap
Trading	8	401.91	LIBOR	Floating payable v/s floating receivable
	2,817	**166,680.50**		

The nature and terms of the FRA's as on 31 March, 2013 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	2	2,171.40	LIBOR	Fixed receivable v/s floating payable
	2	**2,171.40**		

The nature and terms of the FRA's as on 31 March, 2012 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	4	203.50	LIBOR	Fixed receivable v/s floating payable
Trading	9	508.75	LIBOR	Fixed payable v/s floating receivable
	13	**712.25**		

The nature and terms of the CCS as on 31 March, 2013 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	1	79.29	Principal & Coupon Swap	Fixed payable v/s fixed receivable
Hedging	1	274.12	LIBOR	Fixed receivable v/s floating payable
Trading	33	2,720.49	LIBOR	Fixed receivable v/s floating payable
Trading	52	4,006.36	LIBOR	Floating receivable v/s fixed payable
Trading	1	48.86	LIBOR/INBMK	Floating receivable v/s floating payable
Trading	6	270.43	Principal only	Fixed receivable
Trading	80	3,785.95	Principal only	Fixed payable
	174	**11,185.50**		

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

The nature and terms of the CCS as on 31 March, 2012 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	1	70.21	Principal & Coupon Swap	Fixed payable v/s fixed receivable
Hedging	1	254.38	Principal & Coupon Swap	Fixed receivable v/s floating payable
Trading	34	2,675.41	LIBOR	Fixed payable v/s floating receivable
Trading	24	2,133.64	LIBOR	Fixed receivable v/s floating payable

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	1	45.79	LIBOR/INBMK	Floating receivable v/s floating payable
Trading	4	215.17	Principal Only	Fixed receivable
Trading	25	982.84	Principal Only	Fixed payable
Trading	1	76.31	Principal Only	Floating payable
Trading	1	76.31	Principal Only	Floating receivable
Trading	22	1,326.27	Principal & Coupon Swap	Fixed payable v/s fixed receivable
	114	**7,856.33**		

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

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2013 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2013
i)	**Notional principal amount of exchange traded interest rate derivatives undertaken during the year**	-
		-
ii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2013**	-
		-
iii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2013 and "not highly effective"**	**N.A.**
iv)	**Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2013 and "not highly effective"**	**N.A.**

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2012 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2012
i)	**Notional principal amount of exchange traded interest rate derivatives undertaken during the year**	
	91 day T-Bill - July 11	5.04
		5.04
ii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2012**	-
		-
iii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2012 and "not highly effective"**	N.A.
iv)	**Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2012 and "not highly effective"**	N.A.

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended 31 March, 2013.

2.1.25 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 (OTC)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 earnings risks within the prevalent regulatory guidelines.

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

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

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

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

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

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

The Hedging Policy approved by the RMC governs the use of derivatives for hedging purpose. Subject to the prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate and floating rate coupon or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the Profit and Loss Account. The premium on option contracts is accounted for as per FEDAI guidelines. Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties. The exposure on account of derivative transactions is computed as per the RBI guidelines and is marked against the credit limits approved for the respective counterparties.

(c) Provisioning, collateral and credit risk mitigation

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

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

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

Quantitative Disclosure:

(₹ in crores)

		As at 31 March, 2013			
		Currency Derivatives			Interest rate Derivatives
Sr. No.	**Particulars**	**Forward Contracts**	**CCS**	**Options**	
1	**Derivatives (Notional Principal Amount)**				
	a) For hedging	13,218.41	353.41	-	13,109.83
	b) For trading	218,797.85	10,832.09	8,022.86	196,758.81
2	**Marked to Market Positions#**				
	a) Asset (+)	328.93	338.93	-	-
	b) Liability (-)	-	-	(13.64)	(108.35)
3	**Credit Exposure@**	7,764.61	1,835.46	130.78	2,743.39
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2013)**				
	a) on hedging derivatives	0.24	9.49	-	307.66
	b) on trading derivatives	2.38	191.19	1.34	417.04
5	**Maximum and Minimum of 100*PV01 observed during the year**				
	a) on hedging				
	I) Minimum	-	9.49	-	275.34
	II) Maximum	1.31	12.82	-	353.77
	b) on Trading				
	I) Minimum	1.57	62.22	0.21	242.62
	II) Maximum	6.60	193.67	6.78	419.32

Only on trading derivatives and represents net position

@ Includes accrued interest

(₹ in crores)

		As at 31 March, 2012			
		Currency Derivatives			Interest rate Derivatives
Sr. No.	**Particulars**	**Forward Contracts**	**CCS**	**Options**	
1	**Derivatives (Notional Principal Amount)**				
	a) For hedging	6,737.20	324.59	-	6,860.25
	b) For trading	194,188.30	7,531.74	12,511.44	160,532.50
2	**Marked to Market Positions#**				
	a) Asset (+)	158.08	184.07	6.10	36.69
	b) Liability (-)	-	-	-	-
3	**Credit Exposure@**	7,696.90	1,213.66	264.01	2,776.65
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2012)**				
	a) on hedging derivatives	0.14	12.53	-	283.14
	b) on trading derivatives	1.66	48.73	1.69	72.38
5	**Maximum and Minimum of 100*PV01 observed during the year**				
	a) on hedging				
	I) Minimum	-	0.02	-	127.34
	II) Maximum	0.86	12.66	-	286.69
	b) on Trading				
	I) Minimum	0.01	0.02	1.26	2.14
	II) Maximum	3.16	88.77	7.17	92.70

Only on trading derivatives and represents net position
@ Includes accrued interest

Pursuant to RBI guidelines, the Bank has started dealing in Exchange Traded Currency Options. The outstanding notional principal amount of these derivatives as at 31 March, 2013 was ₹Nil crores (previous year ₹542.91 crores) and the mark-to-market value was ₹Nil crores (previous year ₹5.67 crores)

2.1.26 No penalty/strictures have been imposed on the Bank during the year ended 31 March, 2013.

During the previous year ended 31 March, 2012, RBI levied a penalty of ₹0.15 crores on the Bank for non-compliance of certain instructions relating to derivative transactions. The Bank has paid the penalty of ₹0.15 crores on 5 May, 2011.

2.1.27 Disclosure of Customer Complaints

		31 March, 2013	31 March, 2012
a.	No. of complaints pending at the beginning of the year	**2,188**	2,198
b.	No. of complaints received during the year	**197,733**	279,586
c.	No. of complaints redressed during the year	**198,164**	279,596
d.	No. of complaints pending at the end of the year	**1,757**	2,188

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.

2.1.28 Disclosure of Awards passed by the Banking Ombudsman

		31 March, 2013	31 March, 2012
a.	No. of unimplemented awards at the beginning of the year	**-**	-
b.	No. of awards passed by the Banking Ombudsman during the year	**4**	1
c.	No. of awards implemented during the year	**1**	1
d.	No. of unimplemented awards at the end of the year	**3***	-

*under appeal

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

2.1.29 Draw Down from Reserves

The Bank has not undertaken any drawdown from reserves during the year, except towards issue expenses incurred for the equity raising through the QIP and Preferential issue, which have been adjusted against the share premium account.

2.1.30 Letter of Comfort

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

2.1.31 Disclosure on Remuneration

Qualitative disclosures

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

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

As on 31 March, 2013, the HR and Remuneration Committee comprises of the following non-executive independent directors.

1. Shri Prasad R. Menon - Chairman (with effect from 17 January 2013)
2. Shri K. N. Prithiviraj
3. Shri V. R. Kaundinya
4. Prof. Samir K. Barua

The HR and Remuneration Committee of the Board, functions with the following main objectives:

a. To review and recommend to the Board for approval, the overall remuneration philosophy and policy of the Bank, including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation to employees of the Bank, and any other form of compensation as may be included from time to time.

b. To review and recommend to the Board for approval, an increase in manpower cost budget of the Bank as a whole, at an aggregate level, for the next year.

c. To review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of Managing Director and Chief Executive Officer (MD & CEO), the other Whole-time Directors, senior managers one level below the Board position and other key roles.

d. To review organisation health through feedback from employee surveys conducted on a regular basis.

e. To review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank, as well as any fundamental changes in organisation structure which could have wide ranging or high risk implications.

f. To review and recommend to the Board for approval, the creation of new positions at the level of Executive Director and above.

g. To review appointments, promotions and exits of senior managers, one level below the Board position.

h. To set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, the other Whole-time Directors and Executive Directors for the financial year and for the medium to long term.

i. To review the performance of the MD & CEO, other Whole-time Directors and Executive Directors at the end of each year.

j. To recommend to the Board the remuneration package for the MD & CEO, the other Whole-time Directors and the senior managers one level below the Board.

k. To recommend to the Board the compensation payable to the Chairman of the Bank.

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

Objectives of the Remuneration Policy

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

- Competitiveness in talent market: Benchmarking with peer group for relevant talent pools.
- Pay for job through fixed pay: To position the median level fixed pay in the Bank to the median of the market of respective businesses.
- Pay for performance to drive meritocracy through variable pay: By positioning median total pay to median of the market and high performers to the top quartile of the market by using variable pay with appropriate risk-adjusted metrics.
- Employee Stock Options for long-term value creation: In order to align executive decision making with long-term value creation, a significant part of executive compensation is delivered through long-term incentives in the form of ESOPs, which vests over a period of 3 years.
- Benefits and perquisites are offered to employees to remain aligned with market practices and provide flexibility.
- Affordability: Pay to reflect productivity improvements to retain cost-income competitiveness.

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

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

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

a) Ensure that the compensation, in terms of structure and total amount, is in line with the best practices, as well as competitive vis-à-vis that of peer banks.

b) Establish the linkage of compensation with individual performance as well as achievement of the corporate objectives of the Bank.

c) Include a significant variable pay component tied to the achievement of pre-established objectives in line with Bank's scorecard while ensuring that the compensation is aligned with prudent risk taking.

d) Encourage attainment of long term shareholder returns through inclusion of equity linked long-term incentives as part of compensation.

Design & Structure of Remuneration process

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

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

Categorization of employees under Risk alignment of compensation framework

The MD & CEO, WTD's and employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance are included in the policy of risk alignment of compensation.

Performance Parameters aligned to relevant risk measures

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

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

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

Deferral of Variable Pay

To ensure that risk measures do not focus only on achieving short term goals; variable payout is deferred, if it exceeds 40% of the fixed pay.

Other Risk Takers

For other staff (including risk takers) a policy on similar lines is proposed to be put in place in future.

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

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

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

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

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

The policy for risk alignment of compensation effective from financial year 2012-13 provides for the deferral of variable pay for MD & CEO and WTD's.

The following clauses with regard to deferral are included in the policy:

- If the variable pay exceeds 40% of the fixed pay, 45% of the variable pay is deferred proportionately over a period of three years.
- The deferred variable pay amount of reference year is held back in case of any misrepresentation or gross inaccuracy resulting in a wrong risk assessment.
- Also, a sharp fall in profit, say to the extent of 30% of the reference year triggers further examination of the causes and the HR and Remuneration Committee thereafter takes decision on holding back or release of deferred variable pay.

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

Different forms of variable remuneration are as mentioned below:

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

Quantitative disclosures

The quantitative disclosures pertaining to the MD & CEO and WTDs identified as risk takers for the financial year 2012-13 are given below.

			31 March, 2013
a.	i)	Number of meetings held by the Remuneration Committee during the financial year	6
	ii)	Remuneration paid to its members (sitting fees)	₹340,000
b.	Number of employees having received a variable remuneration award during the financial year		1*
c.	Number and total amount of sign-on awards made during the financial year		N.A.
d.	Details of guaranteed bonus, if any, paid as joining/sign on bonus		N.A.
e.	Details of severance pay, in addition to accrued benefits, if any		N.A.
f.	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms		N.A.
g.	Total amount of deferred remuneration paid out in the financial year		N.A.
h.	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred		Fixed- ₹3.76 crores** Variable- ₹0.38 crores* Deferred - Nil Non-Deferred - ₹0.38 crores*
i.	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments		N.A.
j.	Total amount of reductions during the financial year due to ex-post explicit adjustments		N.A.
k.	Total amount of reductions during the financial year due to ex-post implicit adjustments		N.A.

* pertains to FY 2011-12 paid to MD & CEO

** includes basic salary, leave fare concession, house rent allowance, superannuation allowance and contribution towards provident fund

2.1.32 Bancassurance Business

Details of income earned from Bancassurance business are as under:

(₹ in crores)

Sr. No.	Nature of Income*	31 March, 2013	31 March, 2012
1.	For selling life insurance policies	**336.76**	258.62
2.	For selling non-life insurance policies	**19.41**	31.33
3.	For selling mutual fund products	**79.99**	57.66
4.	Others (selling of gold coins, wealth advisory, RBI and other bonds etc.)	**74.45**	24.67
	Total	**510.61**	372.28

*includes receipts on account of marketing activities undertaken on behalf of bank assurance partners

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

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

(₹ in crores)

Particulars	31 March, 2013	31 March, 2012
Total assets	**37,151.94**	32,302.40
Total NPAs	**219.29**	0.51
Total revenue	**2,161.26**	1,628.02

2.1.35 During the year ended 31 March, 2013 and 31 March, 2012, the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) was within 5% of the book value of investments held in HTM category at the beginning of the year.

2.2 Other disclosures

2.2.1 During the year, the Bank has appropriated ₹141.46 crores (previous year ₹38.22 crores), net of taxes and transfer to statutory reserve to the Capital Reserve, being the gain on sale of HTM investments in accordance with RBI guidelines. During the previous year ended 31 March, 2012, as advised by the RBI, the Bank appropriated ₹13.68 crores, net of taxes and transfer to statutory reserve, being the profit earned on sale of premises to the Capital Reserve.

2.2.2 During the year, the Bank has appropriated an amount of ₹2.61 crores to Reserve Fund account in accordance with guidelines issued by Central Bank of Sri Lanka in respect of Sri Lanka branch operations.

2.2.3 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

	31 March, 2013	31 March, 2012
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	**5,179.43**	4,242.21
Basic weighted average no. of shares (in crores)	**43.28**	41.21
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	**0.30**	0.30
Diluted weighted average no. of shares (in crores)	**43.58**	41.51
Basic EPS (₹)	**119.67**	102.94
Diluted EPS (₹)	**118.85**	102.20
Nominal value of shares (₹)	**10.00**	10.00

Dilution of equity is on account of 2,975,646 (previous year 2,991,727) 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 13,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. The options vest in a graded manner over 3 years. The options can be exercised within 3 years from the date of the vesting. Further, over the period June 2004 to June 2010, pursuant to the approval of the shareholders at Annual General Meetings, the Bank approved an ESOP scheme for additional options aggregating 27,517,400. Within the overall ceiling of 40,517,400 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.

39,891,590 options have been granted under the Scheme till the previous year ended 31 March, 2012.

On 27 April, 2012, the Bank granted 2,343,500 stock options (each option representing entitlement to one equity share of the Bank) to its employees including the MD & CEO and 172,500 stock options to employees of Axis Asset Management Company Limited, a subsidiary of the Bank. These options can be exercised at a price of ₹1,086.65 per option.

Stock option activity under the Scheme for the year ended 31 March, 2013 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	11,428,248	319.00 to 1,447.55	965.90	2.79
Granted during the year	2,516,000	1,086.65	1,086.65	-
Forfeited during the year	(175,698)	319.00 to 1,447.55	1,144.00	-
Expired during the year	(80,954)	319.00 to 824.40	568.70	-
Exercised during the year	(2,822,571)	319.00 to 1,447.55	594.48	-
Outstanding at the end of the year	**10,865,025**	**468.90 to 1,447.55**	**1,090.43**	**2.69**
Exercisable at the end of the year	5,372,105	468.90 to 1,447.55	941.06	1.57

The weighted average share price in respect of options exercised during the year was ₹1,217.66.

Stock option activity under the Scheme for the year ended 31 March, 2012 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	11,122,518	232.10 to 1,245.45	712.90	2.86
Granted during the year	3,268,700	1,447.55	1,447.55	-
Forfeited during the year	(243,596)	232.10 to 1,447.55	960.75	-
Expired during the year	(61,265)	232.10 to 468.90	406.46	-
Exercised during the year	(2,658,109)	232.10 to 1,159.30	512.92	-
Outstanding at the end of the year	**11,428,248**	**319.00 to 1,447.55**	**965.90**	**2.79**
Exercisable at the end of the year	4,983,892	319.00 to 1,245.45	717.76	1.53

The weighted average share price in respect of options exercised during the year was ₹1,200.12.

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, 2013	31 March, 2012
Net Profit (as reported) (₹ in crores)	**5,179.43**	4,242.21
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)	**(117.08)**	(147.16)
Net Profit (Proforma) (₹ in crores)	**5,062.35**	4,095.05
Earnings per share: Basic (in ₹)		
As reported	**119.67**	102.94
Proforma	**116.97**	99.37
Earnings per share: Diluted (in ₹)		
As reported	**118.85**	102.20
Proforma	**116.16**	98.65

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, 2013	31 March, 2012
Dividend yield	**1.20%**	1.23%
Expected life	**2-4 years**	2-4 years
Risk free interest rate	**8.14% to 8.33%**	8.05% to 8.10%
Volatility	**35.92% to 50.25%**	39.43% to 53.33%

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, 2013 is ₹387.24 (previous year ₹559.31).

2.2.5 Dividend paid on shares issued on exercise of stock options

The Bank may allot shares between the Balance Sheet date and record date for the declaration of dividend pursuant to the exercise of any employee stock options. These shares will be eligible for full dividend for the year ended 31 March, 2013, if approved at the ensuing Annual General Meeting. Dividend relating to these shares has not been recorded in the current year.

Appropriation to proposed dividend during the year ended 31 March, 2013 includes dividend of ₹2.02 crores (previous year ₹1.88 crores) paid pursuant to exercise of 1,086,994 employee stock options after the previous year end but before the record date for declaration of dividend for the year ended 31 March, 2012.

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 and central funding.
Retail Banking	Constitutes lending to individuals/small businesses subject to the orientation, product and granularity criterion and also includes low value individual exposures not exceeding the threshold limit of ₹5 crores as defined by RBI. Retail Banking activities also include liability products, card services, internet 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, management of public issue, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

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

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment 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, 2013				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	6,969.72	13,081.18	7,131.67	-	27,182.57
Other income	1,581.20	2,843.97	1,610.88	515.06	6,551.11
Total income as per Profit and Loss Account	**8,550.92**	**15,925.15**	**8,742.55**	**515.06**	**33,733.68**
Add/(less) inter segment interest income	33,112.64	3,371.64	9,374.05	-	45,858.33
Total segment revenue	**41,663.56**	**19,296.79**	**18,116.60**	**515.06**	**79,592.01**
Less: Interest expense (external customers)	10,389.84	285.85	6,840.62	-	17,516.31
Less: Inter segment interest expense	29,937.22	10,113.35	5,807.76	-	45,858.33
Less: Operating expenses	446.02	1,621.19	4,709.94	137.09	6,914.24
Operating profit	**890.48**	**7,276.40**	**758.28**	**377.97**	**9,303.13**
Less: Provision for non-performing assets/others	(94.48)	1,614.12	230.42	0.38	1,750.44
Segment result	**984.96**	**5,662.28**	**527.86**	**377.59**	**7,552.69**
Less: Provision for tax					2,373.26
Extraordinary profit/loss					-
Net Profit					**5,179.43**
Segment assets	135,490.74	128,119.81	75,260.84	247.45	339,118.84
Unallocated assets					1,441.82
Total assets					**340,560.66**
Segment liabilities	126,806.66	63,289.17	116,295.95	31.20	306,422.98
Unallocated liabilities					1,029.82
Total liabilities					**307,452.80**
Net assets	**8,684.08**	**64,830.64**	**(41,035.11)**	**216.25**	**33,107.86**
Capital expenditure for the year	**20.79**	**99.37**	**288.91**	**8.46**	**417.53**
Depreciation on fixed assets for the year	**17.52**	**83.71**	**243.38**	**7.12**	**351.73**

(₹ in crores)

	31 March, 2012				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	5,992.51	11,292.20	4,709.94	-	21,994.65
Other income	1,003.66	2,800.89	1,238.86	376.81	5,420.22
Total income as per Profit and Loss Account	**6,996.17**	**14,093.09**	**5,948.80**	**376.81**	**27,414.87**
Add/(less) inter segment interest income	28,992.40	3,093.62	7,274.96	0.15	39,361.13
Total segment revenue	**35,988.57**	**17,186.71**	**13,223.76**	**376.96**	**66,776.00**
Less: Interest expense (external customers)	8,747.14	214.71	5,015.05	-	13,976.90
Less: Inter segment interest expense	25,817.89	9,335.77	4,207.43	0.04	39,361.13
Less: Operating expenses	426.36	1,735.51	3,759.65	85.58	6,007.10
Operating profit	**997.18**	**5,900.72**	**241.63**	**291.34**	**7,430.87**
Less: Provision for non-performing assets/others	160.78	735.59	246.30	0.36	1,143.03
Segment result	**836.40**	**5,165.13**	**(4.67)**	**290.98**	**6,287.84**
Less: Provision for tax					2,045.63
Extraordinary profit/loss					-
Net Profit					**4,242.21**
Segment assets	108,394.17	117,647.10	58,258.41	168.65	284,468.33
Unallocated assets					1,159.46
Total assets					**285,627.79**
Segment liabilities	116,445.51	51,261.01	94,305.75	19.49	262,031.76
Unallocated liabilities					787.49
Total liabilities					**262,819.25**
Net assets	**(8,051.34)**	**66,386.09**	**(36,047.34)**	**149.16**	**22,808.54**
Capital expenditure for the year	**20.30**	**97.03**	**213.74**	**5.19**	**336.26**
Depreciation on fixed assets for the year	**20.67**	**98.75**	**217.54**	**5.28**	**342.24**

Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2013	31 March, 2012	**31 March, 2013**	31 March, 2012	**31 March, 2013**	31 March, 2012
Revenue	**31,572.42**	25,786.85	**2,161.26**	1,628.02	**33,733.68**	27,414.87
Assets	**303,408.72**	253,325.39	**37,151.94**	32,302.40	**340,560.66**	285,627.79

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 (UTI-1)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation and four Government-owned general insurance companies - New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

b) *Key Management Personnel*

- Mrs. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. Somnath Sengupta [Executive Director & Head (Corporate Centre)] with effect from 15 October, 2012
- Mr. V. Srinivasan [Executive Director & Head (Corporate Banking)] with effect from 15 October, 2012

c) *Relatives of Key Management Personnel*

Mr. Sanjaya Sharma, Mrs. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Mrs. Chaitaly Sengupta, Ms. Renukona Sengupta, Mr. Niloy Sengupta, Mrs. Gayathri Srinivasan, Mrs. Vanjulam Varadarajan, Mr. V. Satish, Mrs. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Mr. Kuppusamy, Mrs. Komalavalli, Mrs. Ranganayagi, Mr. Srinivasa Raghavan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Narayanan, Mr. S. Ranganathan and Mr. R. Narayan.

d) *Subsidiary Companies*

- Axis Capital Limited (formerly Axis Securities & Sales Limited)
- Axis Private Equity Limited
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited
- Axis U.K. Limited
- Axis Finance Private Limited (formerly Enam Finance Private Limited) (with effect from 8 February, 2013)

e) *Step down Subsidiary Companies (with effect from 1 April 2012)*

- Axis Finance Private Limited (formerly Enam Finance Private Limited) (upto 7 February, 2013)
- Axis Securities Limited (formerly Enam Securities Direct Private Limited)
- Enam International Limited
- Enam Securities Europe Limited

f) *Associate*

- Bussan Auto Finance India Private Limited

  The above investment does not fall within the definition of a Joint Venture as per AS-27, Financial Reporting of Interest in Joint Ventures, notified under the Companies (Accounting Standards) Rules, 2006, and the said accounting standard is thus not applicable. However, pursuant to RBI guidelines, the Bank has classified the same as investment in joint ventures in the Balance Sheet. Such investment has been accounted as an Associate in Consolidated Financial Statements as per AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, notified under the Companies (Accounting Standards) Rules, 2006. Based on RBI guidelines, details of transactions with Associates 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, 2013 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Dividend paid	247.25	0.02	-	-	-	**247.27**
Dividend received	-	-	-	1.50	-	**1.50**
Interest paid	768.37	0.16	0.03	13.54	1.73	**783.83**
Interest received	0.02	0.10	-	0.03	0.01	**0.16**
Investment of the Bank	-	-	-	25.00	-	**25.00**
Investment of related party in the Bank	811.47	4.60	-	-	-	**816.07**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	1,000.00	-	-	-	-	**1,000.00**
Redemption of subordinated debt	90.00	-	-	-	-	**90.00**
Purchase of investments	-	-	-	-	-	**-**
Sale of investments	1,442.84	-	-	-	-	**1,442.84**
Management contracts	-	4.25	-	8.91	-	**13.16**
Contribution to employee benefit fund	14.58	-	-	-	-	**14.58**
Purchase of fixed assets	-	-	-	1.17	-	**1.17**
Sale of fixed assets	-	-	-	-	-	**-**
Non-funded commitments	0.06	-	-	-	4.35	**4.41**
Advance granted (net)	-	-	-	-	-	**-**
Advance repaid	15.51	0.14	-	-	-	**15.65**
Receiving of services	60.79	-	-	201.73	0.08	**262.60**
Rendering of services	2.07	-	-	22.97	0.09	**25.13**
Consideration received towards demerger	-	-	-	274.15	-	**274.15**
Consideration paid towards acquisition of subsidiary	-	-	-	90.40	-	**90.40**
Other reimbursements from related party	-	-	-	10.13	-	**10.13**
Other reimbursements to related party	-	-	-	0.97	-	**0.97**

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2013 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-	**-**
Deposits with the Bank	9,915.42	4.23	0.51	434.32	30.15	**10,384.63**
Placement of deposits	0.16	-	-	-	-	**0.16**
Advances	28.13	2.04	-	-	-	**30.17**
Investment of the Bank	-	-	-	382.44	-	**382.44**
Investment of related party in the Bank	158.52	0.08	-	-	-	**158.60**
Non-funded commitments	3.07	-	-	-	4.35	**7.42**

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	3,817.30	-	-	-	-	**3,817.30**
Advance for rendering of services	-	-	-	-	-	**-**
Other receivables	-	-	-	49.92*	-	**49.92**
Other payables	-	-	-	23.30	-	**23.30**

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2013 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-	**-**
Deposits with the Bank	9,915.42	9.01	3.91	464.43	35.79	**10,428.56**
Placement of deposits	0.16	-	-	-	-	**0.16**
Advances	46.54	2.16	-	23.93	5.96	**78.59**
Investment of the Bank	-	-	-	382.44	-	**382.44**
Investment of related party in the Bank	158.52	0.08	-	-	-	**158.60**
Non-funded commitments	3.07	-	-	16.00	4.35	**23.42**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	3,817.30	-	-	-	-	**3,817.30**
Other receivables	-	-	-	49.92	-	**49.92**
Other payables	-	-	-	35.06	-	**35.06**

The details of transactions of the Bank with its related parties during the year ended 31 March, 2012 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Dividend paid	214.22	0.06	-	-	**214.28**
Dividend received	-	-	-	1.13	**1.13**
Interest paid	540.45	0.01	0.03	7.72	**548.21**
Interest received	0.02	0.01	-	-	**0.03**
Investment of the Bank	-	-	-	90.00	**90.00**
Investment of related party in the Bank	-	1.84	-	-	**1.84**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	-	-	-	-	**-**
Redemption of subordinated debt	-	-	-	-	**-**
Purchase of investments	-	-	-	-	**-**
Sale of investments	244.81	-	-	-	**244.81**
Management contracts	-	5.51	-	6.90	**12.41**

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Contribution to employee benefit fund	13.75	-	-	-	**13.75**
Purchase of fixed assets	-	-	-	-	**-**
Sale of fixed assets	-	-	-	-	**-**
Non-funded commitments	-	-	-	16.00	**16.00**
Advance granted (net)	0.64	-	-	-	**0.64**
Advance repaid	-	0.03	-	-	**0.03**
Receiving of services	51.49	-	-	140.95	**192.44**
Rendering of services	1.65	-	-	12.54	**14.19**
Other reimbursements from related party	-	-	-	10.29	**10.29**
Other reimbursements to related party	1.02	-	-	1.68	**2.70**

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2012 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	**-**
Deposits with the Bank	5,693.55	0.31	0.26	116.62	**5,810.74**
Placement of deposits	0.16	-	-	-	**0.16**
Advances	43.65	0.24	-	-	**43.89**
Investment of the Bank	-	-	-	310.55	**310.55**
Investment of related party in the Bank	154.44	0.02	-	-	**154.46**
Non-funded commitments	3.01	-	-	16.00	**19.01**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	2,837.30	-	-	-	**2,837.30**
Advance for rendering of services	-	-	-	-	**-**
Other receivables	-	-	-	34.51*	**34.51**
Other payables	-	-	-	21.16	**21.16**

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2012 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	**-**
Deposits with the Bank	5,693.55	1.24	2.70	185.02	**5,882.51**
Placement of deposits	0.16	-	-	-	**0.16**
Advances	48.22	0.27	-	-	**48.49**
Investment of the Bank	-	-	-	310.55	**310.55**
Investment of related party in the Bank	155.12	0.05	-	-	**155.17**
Non-funded commitments	3.01	-	-	16.00	**19.01**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	2,837.30	-	-	-	**2,837.30**
Other receivables	-	-	-	34.51	**34.51**
Other payables	-	-	-	22.77	**22.77**

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 the Companies (Accounting Standards) Rules, 2006 and as per RBI guidelines.

* During the year ended 31 March, 2012, the Bank 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 a period of 3 years. This change, however, has no effect on the accounting policy of the Bank, as such brokerage income is recognised by the Bank as and when the same is due. Other receivables include such brokerage recoverable from Axis AMC as on the reporting date.

2.2.8 Leases

Disclosure in respect of assets given on operating lease

The Bank has not given any assets on operating lease.

Disclosure in respect of assets taken on operating lease

Operating lease comprises leasing of office premises/ATMs, cash deposit machines, staff quarters, electronic data capturing machines and IT equipment.

(₹ in crores)

	31 March, 2013	31 March, 2012
Future lease rentals payable as at the end of the year:		
- Not later than one year	**575.90**	465.15
- Later than one year and not later than five years	**1,689.30**	1,371.51
- Later than five years	**816.07**	722.72
Total of minimum lease payments recognised in the Profit and Loss Account for the year	**602.76**	560.41
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	**-**	0.30
Sub-lease payments recognised in the Profit and Loss Account for the year	**0.60**	1.08

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 no undue restrictions or onerous clauses in the agreements.

2.2.9 Other Fixed Assets (including furniture & fixtures)

The movement in fixed assets capitalised as application software is given below:

(₹ in crores)

Particulars	**31 March, 2013**	31 March, 2012
At cost at the beginning of the year	**378.88**	330.28
Additions during the year	**78.73**	57.01
Deductions during the year	**(0.21)**	(8.41)
Accumulated depreciation as at 31 March	**(311.30)**	(258.01)
Closing balance as at 31 March	**146.10**	120.87
Depreciation charge for the year	**53.45**	54.70

2.2.10 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in crores)

As at	31 March, 2013	31 March, 2012
Deferred tax assets on account of provisions for loan losses	**924.57**	743.17
Deferred tax assets on account of amortisation of HTM investments	**192.52**	184.09
Deferred tax assets on account of provision for employee benefits	**106.76**	82.60
Deferred tax assets on account of other contingencies	**176.43**	40.65
Deferred tax assets	**1,400.28**	1,050.51
Deferred tax liabilities on account of depreciation on fixed assets	**25.51**	23.06
Deferred tax liabilities	**25.51**	23.06
Net Deferred tax assets	**1,374.77**	1,027.45

2.2.11 Employee Benefits

Provident Fund

The contribution to the employee's provident fund amounted to ₹80.78 crores (previous year ₹67.88 crores) for the year.

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 principal assumptions used by the actuary are as under.

	31 March, 2013	31 March, 2012
Discount rate for the term of the obligation	**7.90%**	8.35%
Average historic yield on the investment portfolio	**9.13%**	9.09%
Discount rate for the remaining term to maturity of the investment portfolio	**7.94%**	8.45%
Expected investment return	**9.09%**	8.99%
Guaranteed rate of return	**8.50%**	8.25%

Superannuation

The Bank contributed ₹14.35 crores (previous year ₹13.89 crores) to the employees' superannuation plan for the year.

Leave Encashment

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Bank is given below:

(₹ in crores)

	31 March, 2013	31 March, 2012
Privileged leave	**313.92**	252.40
Sick leave	**22.80**	20.26
Total actuarial liability	**336.72**	272.66
Assumptions		
Discount rate	**7.90% p.a.**	8.35% p.a.
Salary escalation rate	**7.00% p.a.**	6.00% p.a.

Gratuity

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2013	31 March, 2012
Current Service Cost	**16.98**	11.61
Interest on Defined Benefit Obligation	**8.70**	5.49
Expected Return on Plan Assets	**(7.25)**	(4.83)
Net Actuarial Losses/(Gains) recognised in the year	**16.80**	23.74
Past Service Cost	**5.50**	(3.72)
Total included in "Employee Benefit Expense"	**40.73**	32.29
Actual Return on Plan Assets	**9.32**	5.30

Balance Sheet

Details of provision for gratuity

(₹ in crores)

	31 March, 2013	31 March, 2012
Fair Value of Plan Assets	**146.22**	97.91
Present Value of Funded Obligations	**(137.60)**	(93.40)
Net Asset/(Liability)	**8.62**	4.51
Amounts in Balance Sheet		
Liabilities	**-**	-
Assets	**8.62**	4.51
Net Asset/(Liability)	**8.62**	4.51

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2013	31 March, 2012
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**93.40**	60.65
Current Service Cost	**16.98**	11.61
Interest Cost	**8.70**	5.49
Actuarial Losses/(Gains)	**18.87**	24.22
Past service cost	**5.50**	(3.72)
Benefits Paid	**(5.85)**	(4.85)
Closing Defined Benefit Obligation	**137.60**	93.40

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2013	31 March, 2012
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	**97.91**	63.43
Expected Return on Plan Assets	**7.25**	4.83
Actuarial Gains/(Losses)	**2.07**	0.48
Contributions by Employer	**44.84**	34.02
Benefits Paid	**(5.85)**	(4.85)
Closing Fair Value of Plan Assets	**146.22**	97.91

Experience adjustments

(₹ in crores)

	31 March, 2013	31 March, 2012	31 March, 2011	31 March, 2010	31 March, 2009
Defined Benefit Obligations	**137.60**	93.40	60.65	42.56	36.37
Plan Assets	**146.22**	97.91	63.43	43.97	29.75
Surplus/(Deficit)	**8.62**	4.51	2.78	1.41	(6.62)
Experience Adjustments on Plan Liabilities	**4.58**	27.08	1.40	1.16	3.38
Experience Adjustments on Plan Assets	**2.07**	0.48	(0.78)	0.46	(0.73)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2013 %	31 March, 2012 %
Government securities	**40.87**	42.81
Bonds, debentures and other fixed income instruments	**38.48**	43.85
Money market instruments	**18.45**	9.89
Equity shares	**2.20**	2.31
Others	**-**	1.14

	31 March, 2013	31 March, 2012
Principal actuarial assumptions at the Balance Sheet date:		
Discount Rate	**7.90% p.a.**	8.35% p.a.
Expected Rate of Return on Plan Assets	**7.50% p.a.**	7.50% p.a.
Salary Escalation Rate	**7.00% p.a.**	6.00% p.a.
Employee Turnover		
- 21 to 30 (age in years)	**20.14%**	20.41%
- 31 to 44 (age in years)	**10.00%**	10.00%
- 45 to 59 (age in years)	**1.00%**	1.00%

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:

(₹ in crores)

	31 March, 2013	31 March, 2012
Opening balance at the beginning of the year	**17.35**	4.99
Additions during the year	**4.57**	12.40
Reductions on account of payments during the year	**(5.57)**	(0.02)
Reductions on account of reversals during the year	**(2.38)**	(0.02)
Closing balance at the end of the year	**13.97**	17.35

b) Other liabilities include provision for debit/credit card reward points, the movement of which is set out below:

(₹ in crores)

	31 March, 2013	31 March, 2012
Opening provision at the beginning of the year	**43.28**	25.01
Provision made during the year	**28.03**	20.28
Reductions during the year	**(3.42)**	(2.01)
Closing provision at the end of the year	**67.89**	43.28

c) Movement in provision for other contingencies is set out below:

(₹ in crores)

	31 March, 2013	31 March, 2012
Opening provision at the beginning of the year	**0.81**	36.44
Provision made during the year	**561.55**	0.38
Reductions during the year	**(180.57)**	(36.01)
Closing provision at the end of the year	**381.79**	0.81

The above provision includes contingent provision for advances/other exposures, legal cases and other contingencies.

2.2.13 Unclaimed Shares

Details of unclaimed shares as of 31 March, 2013 and 31 March, 2012 are as follows:

	31 March, 2013	31 March, 2012
Aggregate number of shareholders at the beginning of the year	**29**	38
Total outstanding shares in Unclaimed Suspense Account at the beginning of the year	**3,600**	4,900
Number of shareholders who approached to issuer for transfer of shares from Unclaimed Suspense Account during the year	**-**	9
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	**-**	9
Aggregate number of shareholders at the end of the year	**29**	29
Total outstanding shares in Unclaimed Suspense Account at the end of the year	**3,600**	3,600

2.2.14 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

2.2.15 Description of contingent liabilities

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the Bank.

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate/currency futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account and commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end.

2.2.16 Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

For Axis Bank Ltd.

Sanjiv Misra
Chairman

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Shikha Sharma
Managing Director & CEO

Somnath Sengupta
Executive Director
& Head (Corporate Centre)

V. Srinivasan
Executive Director
& Head (Corporate Banking)

P. J. Oza
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 24th April, 2013
Place: Mumbai

AUDITORS' CERTIFICATE

TO THE MEMBERS OF
AXIS BANK LIMITED

We have examined the compliance of conditions of corporate governance by **AXIS BANK LIMITED** ("the Bank") for the year ended 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Bank with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of corporate governance as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
(Membership No.42791)

Date : 24th April, 2013
Place: Mumbai

CORPORATE GOVERNANCE

(Forming Part of the Directors' Report for the year ended 31st March 2013)

1. Philosophy on Code of Governance

The Bank's policy on Corporate Governance has been:

I. To enhance the long term interest of its shareholders, provide good management, adopt prudent risk management techniques and comply with the required standards of capital adequacy, thereby safeguarding the interest of its other stakeholders such as depositors, creditors, customers, suppliers and employees.

II. To identify and recognise the Board of Directors and the Management of the Bank as the principal instruments through which good corporate governance principles are articulated and implemented. To also identify and recognise accountability, transparency and equality of treatment for all stakeholders, as central tenets of good corporate governance.

2. Board of Directors

The composition of the Board of Directors of the Bank is governed by the Companies Act, 1956, the Banking Regulation Act, 1949 and Clause 49 of the Listing Agreement. The Bank's Board comprises a combination of executive and non-executive Directors. The Board presently consists of 14 Directors and its mix provides a combination of professionalism, knowledge and experience required in the banking business. There are 7 independent Directors constituting one-half of the Board's membership with Shri S. B. Mathur designated as the Lead Independent Director. The Board is responsible for the management of the Bank's business. The functions, responsibilities, role and accountability of the Board are well defined. In addition to monitoring corporate performance, the Board also carries out functions such as taking care of all the statutory agenda, approving the Business Plan and all major policies, reviewing and approving the annual budgets and borrowing limits and fixing exposure limits. It ensures that the Bank keeps shareholders informed about plans, strategies and performance. The detailed reports of the Bank's performance are periodically placed before the Board.

The composition of the Bank's Board includes the representatives of the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI) and the Life Insurance Corporation of India, the Bank's promoters. The following members constitute the Board:

Sanjiv Misra	Chairman Promoter – Nominee of SUUTI
Shikha Sharma	Managing Director & CEO
K. N. Prithviraj	Promoter – Nominee of SUUTI
V. R. Kaundinya	Independent
S. B. Mathur	Independent
Prasad R. Menon	Independent
R.N. Bhattacharyya	Promoter – Nominee of SUUTI
Samir K. Barua	Independent
A. K. Dasgupta	Promoter – Nominee of the Life Insurance Corporation of India
Som Mittal	Independent
Ireena Vittal	Independent
Rohit Bhagat	Independent
Somnath Sengupta	Executive Director and Head (Corporate Centre)
V. Srinivasan	Executive Director and Head (Corporate Banking)

Dr. Adarsh Kishore (Chairman & Director upto 7th March 2013), Smt. Shikha Sharma, Smt. Rama Bijapurkar (Director upto 16th January 2013), Shri K. N. Prithviraj, Shri V. R. Kaundinya, Shri Prasad R. Menon, Shri R. N. Bhattacharyya, Prof. Samir K. Barua and Shri A. K. Dasgupta attended the last Annual General Meeting held on 22nd June 2012 at Ahmedabad.

In all, 11 meetings of the Board were held during the year on 26th April 2012, 27th April 2012, 17th May 2012, 22nd June 2012, 17th July 2012, 15th October 2012, 16th October 2012, 3rd November 2012, 17th December 2012, 15th January 2013 and 16th January 2013.

Dr. Adarsh Kishore, Smt. Shikha Sharma, Shri K. N. Prithviraj, Shri R. N. Bhattacharyya and Shri A. K. Dasgupta attended all the eleven meetings. Shri S. B. Mathur and Shri Prasad R. Menon attended nine meetings. Smt. Rama Bijapurkar, Shri V. R. Kaundinya and Prof. Samir K. Barua attended eight meetings. Shri Somnath Sengupta and Shri V. Srinivasan attended all the six meetings for which they were eligible. Shri Som Mittal attended five meetings. Smt. Ireena Vittal attended all the three meetings for which she was eligible. Shri M. V. Subbiah attended one meeting for which he was eligible.

The Directors of the Bank also hold positions as directors as on 31st March 2013, in other companies as per the details given below:

i. SANJIV MISRA

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	BSE Limited	Director/Chairman – Audit Committee
2.	Akzo Nobel India Limited	Director/Chairman – Shareholders Grievance Committee/ Member – Audit Committee

ii. SHIKHA SHARMA

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Axis Asset Management Company Limited	Chairperson
2.	Axis Bank UK Limited*	Chairperson
3.	Axis Capital Limited	Chairperson
4.	Axis Private Equity Limited	Director

iii. K. N. PRITHVIRAJ

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	UTI Infrastructure Technology & Services Limited	Chairman
2.	Surana Industries Limited	Director/Member – Audit Committee
3.	Surana Mines and Minerals Limited, Singapore*	Director/Member – Audit Committee
4.	Dwarikeshwar Sugars Industries Limited	Director/Chairman – Audit Committee
5.	Falcon Tyres Limited	Director/Member – Audit Committee
6.	Daiwa Trustee Company (India) Pvt. Limited	Director
7.	PNB Investment Services Limited	Director/Member – Audit Committee/Member – HR Committee
8.	Brickwork Ratings (India) Pvt. Limited	Director/Member – Audit Committee
9.	Specified Undertaking of the Unit Trust of India	Administrator & Member of Board of Advisors
10.	Eurasia Investment Advisors Pvt. Limited	Director
11.	National Financial Holdings Limited	Director

iv. V. R. KAUNDINYA

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Advanta India Limited	Managing Director & CEO
2.	Advanta Seeds Limited	Director
3.	Warrantify Oy*	Director

* Foreign Company

v. S. B. MATHUR

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	IDFC Trustee Company Limited	Chairman
2.	Cholamandalam MS General Insurance Company Limited	Chairman/Member – Audit Committee
3.	DCM Sriram Industries Limited	Director/Member – Audit Committee
4.	Havells India Limited	Director/Member – Audit Committee
5.	Housing Development Infrastructure Limited	Director
6.	Hindustan Oil Exploration Company Limited	Director/Member – Audit Committee
7.	Infrastructure Leasing and Financial Services Limited	Director
8.	ITC Limited	Director/Chairman – Audit Committee
9.	National Collateral Management Services Co. Limited	Director
10.	National Stock Exchange of India Limited	Director
11.	Ultratech Cement Limited	Director
12.	Janalakshmi Financial Services Private Limited	Director
13.	Munich Re India Services Private Limited	Director
14.	J.M. Financial Asset Reconstruction Company Private Limited	Director
15.	India Mortgage Guarantee Corporation Pvt. Limited	Nominee Director of National Housing Bank
16.	Mindas Corporation Limited	Director/Member – Audit Committee

vi. PRASAD R. MENON

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	NELCO Limited	Chairman/Chairman – Nominations, HR & Remuneration Committee/Chairman – Executive Committee of the Board
2.	Tata Consulting Engineers Limited	Chairman/Member – Remuneration & Nomination Committee/Chairman – Executive Committee of the Board
3.	Tata Power Solar Systems Limited	Chairman/Member – Audit Committee
4.	Tata Chemicals Limited	Director/Member – Executive Committee of the Board/Chairman – SHES Committee
5.	Tata Projects Limited	Director/Member – Remuneration Committee/ Member – Audit Committee/Member – Safety Committee
6.	Tata Industries Limited	Director/Member – Audit Committee
7.	SKF India Limited	Director/Member – Audit Committee
8.	TCE QSTP-LLC Doha, Qatar*	Director

* Foreign Company

vii. R. N. BHATTACHARYYA - NIL

viii. SAMIR K. BARUA

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Coal India Limited	Director/Chairman – HRM Committee/Chairman –Remuneration Committee/Member – Audit Committee
2.	Torrent Power Limited	Director/Member – Audit Committee
3.	IOT Infrastructure and Energy Services Limited	Director/Member – Audit Committee
4.	Oil and Natural Gas Corporation Limited	Non-official Part-time Director/Chairman – HRM Committee/Member – Audit & Ethics Committee/ Member – Project Appraisal Committee/Member – Shareholders'/Investors' Grievance Committee/ Member – Health, Safety & Environment Committee/Member – Financial Management Committee
5.	Axis Capital Limited	Director

ix. A. K. DASGUPTA

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	ABB Limited	Director/Member – Audit Committee

x. SOM MITTAL

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	National Institute for Smart Government	Director
2.	National Research Development Corporation	Non-official Part-time Director
3.	Media Lab Asia	Director
4.	Data Security Council of India	Director

xi. IREENA VITTAL

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Titan Industries Limited	Director

xii. ROHIT BHAGAT

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Tandem Habit Fund Partner SPV, LLC*	Managing Member
2.	Tandem Habit Fund Partners, LLC*	Managing Member

xiii. SOMNATH SENGUPTA

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Axis Bank UK Limited*	Director/Member-Committee of Directors/ Member-Audit and Compliance Committee

* Foreign Company

xiv. V. SRINIVASAN

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Axis Trustee Services Limited	Chairman
2.	Axis Finance Private Limited	Chairman/Member – Audit Committee/Member – Credit Committee/Member – Nomination Committee
3.	Axis Bank UK Limited*	Director/Chairman-Human Resources, Remuneration & Negotiation Committee/ Member-Committee of Directors/Member-Risk Management Committee
4.	Axis Capital Limited	Director/Member – Audit Committee/Member – Risk Committee/Member – Remuneration Committee

* Foreign Company

The business of the Board is also conducted through the following Committees constituted by the Board to deal with specific matters and delegated powers for different functional areas:

a) Committee of Directors

K. N. Prithviraj – Chairman
Shikha Sharma
S. B. Mathur
Prasad R. Menon
R. N. Bhattacharyya
Somnath Sengupta
V. Srinivasan

b) Audit Committee

S. B. Mathur – Chairman
K. N. Prithviraj
V. R. Kaundinya
Samir K. Barua

c) Risk Management Committee

Sanjiv Misra

Shikha Sharma

K. N. Prithviraj

Samir K. Barua

Ireena Vittal

d) Shareholders/Investors Grievance Committee

S. B. Mathur – Chairman
R. N. Bhattacharyya
Somnath Sengupta

e) **HR and Remuneration Committee**

Prasad R. Menon – Chairman
K. N. Prithviraj
V. R. Kaundinya
Samir K. Barua

f) **Nomination Committee**

S. B. Mathur – Chairman
V. R. Kaundinya
Samir K. Barua

g) **Special Committee of the Board of Directors for Monitoring of Large Value Frauds**

Shikha Sharma – Chairperson
V. R. Kaundinya
R. N. Bhattacharyya
Samir K. Barua
A. K. Dasgupta

h) **Customer Service Committee**

Shikha Sharma
Samir K. Barua
Ireena Vittal

i) **Committee of Whole-Time Directors**

Shikha Sharma – Chairperson
Somnath Sengupta
V. Srinivasan

j) **Acquisitions, Divestments and Mergers Committee**

Prasad R. Menon – Chairman
Shikha Sharma
K. N. Prithviraj
S. B. Mathur
Ireena Vittal

k) **IT Strategy Committee**

Som Mittal – Chairman
Shikha Sharma
Prasad R. Menon
Somnath Sengupta

The functions of the Committees are discussed below:

a) **Committee of Directors**

The Committee of Directors exercises powers delegated to it by the Board relating to loans, credit policy, credit portfolio, monitoring of exposures (both credit and investment), expenditures, investment, branch expansion, compliance with the statutory and regulatory framework, proposals relating to the Bank’s operations covering all departments and business segments and important issues relating to day to day affairs/problems and to take such steps as may be deemed necessary for the smooth functioning of the Bank.

The Committee of Directors also exercises functions relating to all routine matters other than the strategic matters and review of policies other than strategic policies like Credit Policy, Investment Policy and other policies which the Committee of Directors may consider necessary or Reserve Bank of India (RBI) may specifically require to be reviewed by the Board.

Meetings and Attendance during the year:

10 meetings of the Committee of Directors were held during the year on 30th April 2012, 26th May 2012, 25th June 2012, 1st August 2012, 31st August 2012, 27th September 2012, 6th November 2012, 17th December 2012, 1st February 2013 and 15th March 2013. Smt. Shikha Sharma attended all the ten meetings. Shri S. B. Mathur and Shri K. N. Prithviraj attended nine meetings. Shri R. N. Bhattacharyya attended all the nine meetings for which he was eligible. Shri Prasad R. Menon attended seven meetings. Shri V. Srinivasan attended both the meetings for which he was eligible. Shri Somnath Sengupta could not attend any meeting out of two meetings for which he was eligible.

b) Audit Committee

The Audit Committee of the Board of Directors functions with the following main objectives:

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 internal and concurrent audit reports of large branches with a focus on all major areas of housekeeping, particularly inter branch adjustment accounts, arrears in the balancing of the books and un-reconciled entries in inter-bank and Nostro accounts and frauds.

iv. To discuss matters related to frauds.

v. To discuss and follow up for audit issues related to Long Form Audit Report.

vi. To discuss and follow up for issues related to RBI Inspection Report(s).

vii. To review the system of appointment and remuneration of concurrent auditors and external auditors.

viii. 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.

ix. To recommend to the Board, the appointment, re-appointment, and if required, the replacement or removal of the Statutory Auditor and the fixation of their audit fees.

x. To approve payments to Statutory Auditors for any other services rendered by them.

xi. To review, with the management, the annual financial statements before submission to the Board for its approval with particular reference to:

   a. Matters required to be included in the Director's Responsibility Statement in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

   b. Changes, if any, in accounting policies & practices and reasons for the same.

   c. Major accounting entries involving estimates based on the exercise of judgment by the management.

   d. Significant adjustments made in the financial statements arising out of audit findings.

   e. Compliance with listing and other legal requirements relating to financial statements.

   f. Disclosure of any related party transactions.

   g. Qualifications in the draft audit report.

xii. To review, with the management, the quarterly financial statements before submission to the Board for its approval.

xiii. To review, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board for taking steps in the matter.

xiv. To review, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

xv. To obtain and review quarterly/half yearly reports of the Compliance Officer appointed in the Bank in terms of RBI instructions.

xvi. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

xvii. To discuss with internal auditors any significant audit findings and follow up thereon.

xviii. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

xix. To discuss with Statutory Auditors, before the commencement of audit, the nature and scope of audit as also conduct post-audit discussion to ascertain any area of concern.

xx. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

xxi. To review the functioning of the Whistleblower Mechanism.

xxii. To approve the appointment of the Chief Financial Officer before finalisation of the same by the management. The Audit Committee, while approving the appointment, shall assess the qualifications, experience & background etc. of the candidate.

xxiii. Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

Meetings and Attendance during the year:

12 meetings of the Audit Committee were held during the year on 26th April 2012, 26th May 2012, 2nd July 2012, 17th July 2012, 16th August 2012, 17th September 2012, 15th October 2012, 29th November 2012, 17th December 2012, 15th January 2013, 1st February 2013 and 15th March 2013. Shri S. B. Mathur and Shri K. N. Prithviraj attended all the twelve meetings. Prof. Samir K. Barua attended ten meetings. Shri V. R. Kaundinya attended eight meetings.

c) Risk Management Committee

The Risk Management Committee of the Board of Directors functions with the following main objectives:

i. To perform the role of Risk Management in pursuance of the Risk Management Guidelines issued periodically by RBI and Board.

ii. To oversee and advise to the Board on:

a. Defining risk appetite, tolerance thereof and review the same, as appropriate.

b. Systems of risk management framework, internal control and compliance to identify, measure, aggregate, control and report key risks.

c. Alignment of business strategy with the Board's risk appetite; and

d. Maintenance and development of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact on the whole organisation of their actions and decisions.

iii. To advise the Board on all high level risk matters.

iv. To require regular risk management reports from management which enable the Committee to assess the risks involved in the Bank's business and how they are controlled and monitored by management, and give clear focus to current and forward-looking aspects of risk exposure.

v. To review the effectiveness of the Bank's internal control and risk management framework, in relation to its core strategic objectives, and to seek such assurance as may be appropriate.

vi. To review the Asset Liability Management (ALM) of the Bank on a regular basis.

vii. To consider any major regulatory issues that may have bearing on the risks and risk appetite of the Bank.

viii. To provide to the Board with such additional assurance as it may require regarding the quality of risk information submitted to it.

ix. To decide the policy and strategy for integrated risk management containing various risk exposures of the Bank including the credit, market, liquidity, operational and reputation risk; and

x. To review risk return profile of the Bank, capital adequacy based on the risk profile of the Bank's balance sheet, Basel-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.

Meetings and Attendance during the year:

5 meetings of the Risk Management Committee were held during the year on 6th April 2012, 21st June 2012, 17th July 2012, 7th December 2012 and 8th February 2013. Dr. Adarsh Kishore, Smt. Shikha Sharma and Prof. Samir K. Barua attended all the five meetings. Shri K. N. Prithviraj attended three meetings. Smt. Ireena Vittal attended one meeting for which she was eligible.

d) Shareholders/Investors Grievance Committee

The primary objective of the Shareholders/Investors Grievance Committee is to look into redressal of shareholders' and investors' grievances relating to non-receipt of dividend, refund orders, shares sent for transfer, non-receipt of Annual Report and other similar grievances.

Meetings and Attendance during the year:

4 meetings of the Shareholders/Investors Grievance Committee were held during the year on 17th May 2012, 16th July 2012, 3rd November 2012 and 16th January 2013. Dr. Adarsh Kishore, Shri S. B. Mathur and Shri R. N. Bhattacharyya attended all the four meetings.

The details of the status of the references/complaints received for the year are given in the following statement:

Status of the References/Complaints from 1st April 2012 to 31st March 2013

Sr. No.	Nature of Reference/Complaints	Received	Disposed Off	Pending
1.	Change of Address	458	458	-
2.	Bank Mandates	30	30	-
3.	ECS	292	292	-
4.	Nomination	63	63	-
5.	Non-receipt of Share Certificates	31	31	-
6.	Correction of names	01	01	-
7.	Stock Exchange queries	08	08	-
8.	NSDL/CDSL Queries	01	01	-
9.	SEBI	14	14	-
10.	Receipt of dividend warrant for revalidation	306	306	-
11.	Non-receipt of Dividend	1170	1170	-
12.	Non-receipt of Annual Report	34	34	-
13.	Transfers	324	324	-

Shri P. J. Oza, Company Secretary, is the Compliance Officer for SEBI/Stock Exchange related issues.

e) HR and Remuneration Committee

The HR and Remuneration Committee of the Board of Directors functions with the following main objectives:

i. To review and recommend to the Board for approval the overall remuneration philosophy and policy of the Bank, including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation to employees of the Bank, and any other form of compensation as may be included from time to time. This was to be undertaken keeping in mind the strategic objectives, market environment and the regulatory framework as may exist from time to time.

ii. To 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.

iii. To review and recommend to the Board for approval the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of Managing Director and Chief Executive Officer (MD & CEO), the other Whole-time Directors, senior managers one level below the Board position and other key roles.

iv. To review organisation health through feedback from employee surveys conducted on a regular basis.

v. To review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank, as well as any fundamental changes in organisation structure which could have wide ranging or high risk implications.

vi. To review and recommend to the Board for approval the creation of new positions at the level of Executive Director and above.

vii. To review appointments, promotions and exits of senior managers one level below the Board position.

viii. To set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, the other Whole-time Directors and Executive Directors for the financial year and over the medium to long term.

ix. To review the performance of the MD & CEO, other Whole-time Directors and Executive Directors at the end of each year.

x. To recommend to the Board the remuneration package for the MD & CEO, the other Whole-time Directors and senior managers one level below the Board.

xi. To recommend to the Board the compensation payable to the Chairman of the Bank.

Meetings and Attendance during the year:

6 meetings of HR and Remuneration Committee were held during the year on 10th April 2012, 20th April 2012, 29th May 2012, 17th July 2012, 26th September 2012 and 15th January 2013. Smt. Rama Bijapurkar and Shri Prasad R. Menon attended all the six meetings. Shri K. N. Prithviraj attended five meetings. Dr. R. H. Patil (expired on 12th April 2012) could not attend one meeting for which he was eligible. The members of the Risk Management Committee were invited to attend the meeting of HR & Remuneration Committee held on 20th April 2012.

Remuneration Policy

The compensation philosophy of the Bank aims to attract, retain and motivate professionals in order to enable the Bank to attain its strategic objectives and develop a strong performance culture in the competitive environment in which it operates. To achieve this, the Bank follows the principles of competitiveness in talent market, pay for job through fixed pay, pay for performance to drive meritocracy through variable pay, Employee stock options for long-term value creation and aligning the benefits and perquisites with market practices and affordability. The compensation structure for Managing Director & CEO, and Whole-Time Directors (WTDs) is aligned to RBI's guidelines for sound compensation practices 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 and clear and timely disclosure to facilitate supervisory oversight by all stakeholders.

Remuneration of Directors

i. Dr. Adarsh Kishore was appointed as Chairman of the Bank for a period of three years w.e.f. 8th March 2010. His term came to an end on 7th March 2013. The details of remuneration of Dr. Adarsh Kishore during the year under review are:

Salary of ₹1,25,000 per month. The Bank has received approval of RBI, shareholders and of the Central Government under the provisions of Section 309(4) of the Companies Act, 1956 for payment of salary to Dr. Adarsh Kishore.

Expenses for maintenance of office ₹1,25,000 per month. Approval of the Board, Reserve Bank of India, the shareholders and the Central Government have been obtained for the same.

ii. The Specified Undertaking of the Unit Trust of India had vide its letter dated 10th January 2013 nominated Dr. Sanjiv Misra as the Non-Executive Chairman of the Bank in place of Dr. Adarsh Kishore whose term ended on 7th March 2013. The Board of Directors of the Bank has at its meeting held on 16th January 2013, appointed him as an Additional Director and also subject to approval of Reserve Bank of India, Government of India, the shareholders and such other approvals to the extent required, appointed Dr. Sanjiv Misra as the Non-Executive Chairman of the Bank for a period of 3 years effective 8th March 2013. RBI vide its letter dated 6th March 2013 approved the appointment of Dr. Sanjiv Misra as the Non-Executive Chairman of the Bank as also for the payment of remuneration to him with effect from 8th March 2013. The following remuneration has been approved by Reserve Bank of India to be paid to Dr. Sanjiv Misra effective 8th March 2013:

1. Salary of ₹15 lacs per annum.

2. Expenses for maintenance of office ₹1,25,000 per month.

The Board has also approved providing a furnished office including all equipments to Dr. Sanjiv Misra upto a total cost of ₹7.50 lacs (one-time expense). The Bank has received RBI approval for payment of remuneration to Dr. Sanjiv Misra and has applied to the Central Government for its approval under the provisions of Section 309(4) of the Companies Act, 1956, which is awaited. The approval of the shareholders is being sought in the ensuing Annual General Meeting to be held on 19th July 2013.

iii. Smt. Shikha Sharma was re-appointed as the Managing Director & CEO of the Bank for a period of three years w.e.f. 1st June 2012. The approval of the shareholders to the appointment of Smt. Shikha Sharma as the Managing Director & CEO and payment of remuneration was obtained in the Annual General Meeting held on 22nd June 2012. The details of remuneration paid to Smt. Shikha Sharma during the year under review are given below in sub-para vii.

Smt. Shikha Sharma was granted 1,00,000, 1,75,000, 2,00,000 and 2,00,000 options under the Employee Stock Option Plan Grant IX B (13th July 2009), Grant X (20th April 2010), Grant XI (22nd April 2011) and Grant XII (27th April 2012) respectively. From these tranches, 2,65,000 options were vested up to 31st March 2013 and 35,000 options have been exercised by Smt. Shikha Sharma till 31st March 2013.

iv. Shri Somnath Sengupta was appointed as the Executive Director of the Bank and he took charge with effect from 15th October 2012. The term of Shri Somnath Sengupta is up to 31st May 2015, the last day of the month in which he reaches the age of superannuation. The approval of the shareholders to the appointment of Shri Somnath Sengupta as the Executive Director and payment of remuneration was obtained in the Annual General Meeting held on 22nd June 2012. The details of remuneration paid to Shri Somnath Sengupta during the year under review are given below in sub-para vii.

Shri Somnath Sengupta was granted 4,03,880 options in total under various tranches under the Employee Stock Option Plan. All the above options were granted to him before he became Executive Director of the Bank. From these tranches, 2,31,380 options were vested out of which 1,34,621 options were exercised up to 31st March 2013 and 96,759 options were unexercised. 1,72,500 options were unvested as on 31st March 2013.

v. Shri V. Srinivasan was appointed as the Executive Director of the Bank and he took charge with effect from 15th October 2012. The term of Shri V. Srinivasan is for a period of three years i.e. up to 14th October 2015. The approval of the shareholders to the appointment of Shri V. Srinivasan as the Executive Director and payment of remuneration was obtained in the Annual General Meeting held on 22nd June 2012. The details of remuneration paid to Shri V. Srinivasan during the year under review are given below in sub-para vii.

Shri V. Srinivasan was granted 2,90,000 options in total under various tranches under the Employee Stock Option Plan. All the above options were granted to him before he became Executive Director of the Bank. From these tranches, 1,17,500 options were vested out of which 22,500 options were exercised up to 31st March 2013 and 95,000 options were unexercised. 1,72,500 options were unvested as on 31st March 2013.

vi. In accordance with the present regulations of RBI, the Bank does not grant ESOPs to Non-Executive Directors.

vii. The details of remuneration paid to the Whole-time Directors during 2012-13 are as under:

(In ₹)

	Smt. Shikha Sharma	**Shri Somnath Sengupta**	**Shri V. Srinivasan**
For the Period	1.4.2012 to 31.3.2013	15.10.2012 to 31.3.2013	15.10.2012 to 31.3.2013
Salary (Basic)	1,54,98,000	51,54,452	58,12,213
Leave Fare Concession facility	10,00,000	2,31,185	2,31,185
House Rent Allowance	59,52,000	-	-
Variable pay	38,01,667	32,36,940*	41,51,280*
Medical	29,416	43,322	26,415
Utility Reimbursement	6,622	28,087	15,225
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	12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees from time to time	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	One month's salary for each completed year of service or part thereof (on pro-rata basis)	One month's salary for each completed year of service or part thereof (on pro-rata basis)
Superannuation Allowance	10% of Basic Pay p.a.	10% of Basic Pay p.a.	10% of Basic Pay p.a.

* Pertains to FY11-12 which was paid to them prior to their appointment as Executive Directors effective 15.10.2012.

Perquisites (evaluated as per Income Tax Rules, wherever applicable, or otherwise at actual cost to the Bank) such as the benefit of the Bank's furnished accommodation, electricity, water and furnishings, club fees, personal accident insurance, loans, use of car and telephone at residence, medical reimbursement, travelling and halting allowances, newspapers and periodicals, and others were provided in accordance with the Rules of the Bank.

viii. All Directors of the Bank, except for Smt. Shikha Sharma, Shri Somnath Sengupta and Shri V. Srinivasan, were paid sitting fees of ₹20,000 for every meeting of the Board and also for every meeting of the Committees attended by them. Reimbursement of expenses, if any, for travel to and from the places of their residence to the venue of the meeting, lodging and boarding when attending the meeting, being on actual basis, is made directly by the Bank to the service providers. During the year, sitting fees of ₹53,80,000 was paid to the Directors of the Bank.

Sitting Fees

The details of sitting fees paid to the Directors during 2012-13 are as follows:

Sr. No.	Name of Director	Sitting Fees (₹)
1.	Dr. Adarsh Kishore	5,00,000
2.	Smt. Rama Bijapurkar	3,80,000
3.	Shri M. V. Subbiah	20,000
4.	Shri K. N. Prithviraj	8,80,000
5.	Shri V. R. Kaundinya	4,60,000
6.	Shri S. B. Mathur	8,00,000
7.	Shri Prasad R. Menon	6,20,000
8.	Shri R. N. Bhattacharyya	5,40,000
9.	Prof. Samir K. Barua	6,00,000
10.	Shri A. K. Dasgupta	2,80,000
11.	Shri Som Mittal	2,00,000
12.	Smt. Ireena Vittal	1,00,000
	TOTAL	**53,80,000**

None of the non-whole time Directors was holding any share of the Bank as on 31st March 2013.

f) Nomination Committee

The Nomination Committee of the Board of Directors functions with the following main objectives:

i. To undertake a process of due diligence to determine the suitability of any person for appointment/ continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria.

ii. To examine the vacancies that will come up at the Board on account of retirement or otherwise.

iii. To evaluate the skills that exist, and those that are absent but needed at the Board level, and search for appropriate candidates who have the profile to provide such skill sets.

iv. To create a recommendatory list of Directors for deliberation and decision-making at the Board-level.

v. To review the composition of Committees of the Board, and identify and recommend to the Board, the Directors who can best serve as members of each Board Committee.

Meetings and Attendance during the year:

5 meetings of Nomination Committee were held during the year on 20th April 2012, 29th August 2012, 3rd November 2012, 29th November 2012 and 15th January 2013. Shri S. B. Mathur and Smt. Rama Bijapurkar attended all the five meetings. Shri V. R. Kaundinya attended four meetings.

g) Special Committee of the Board of Directors for Monitoring of Large Value Frauds

The major functions of the Special Committee are to monitor and review all the frauds of ₹1 crore and above, so as to:

i. Identify the systemic lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same.

ii. Identify the reasons for delay, if any, in detection 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 related 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.

Meetings and Attendance during the year:

3 meetings of Special Committee of the Board of Directors for Monitoring of Large Value Frauds were held during the year on 16th July 2012, 7th December 2012 and 15th March 2013. Smt. Shikha Sharma, Shri R. N. Bhattacharyya and Shri A. K. Dasgupta attended all the three meetings. Prof. Samir K. Barua attended two meetings. Shri V. R. Kaundinya attended one meeting.

h) Customer Service Committee

The Customer Service Committee of the Board of Directors functions with the following main objectives:

i. Overseeing the functioning of the Bank's internal committee set-up for customer service.

ii. To review the level of customer service in the Bank including customer complaints and the nature of their resolution.

iii. Provide guidance in improving the customer service level.

iv. Review any award by the Banking Ombudsman to any customer on a complaint filed with the Ombudsman.

v. To ensure that the Bank provides and continues to provide, best-in-class service across all its category of customers which will help the Bank in protecting and growing its brand equity.

vi. The Committee could address the formulation of a Comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor for operations of his/her account, the product approval process, the annual survey of depositor satisfaction and the triennial audit of such services.

vii. To examine any other issues having a bearing on the quality of customer service rendered.

viii. To ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.

Meetings and Attendance during the year:

4 meetings of the Customer Service Committee were held during the year on 22nd June 2012, 26th September 2012, 7th December 2012 and 8th February 2013. Dr. Adarsh Kishore, Smt. Shikha Sharma and Prof. Samir K. Barua attended all the four meetings. Smt. Ireena Vittal attended one meeting for which she was eligible.

i) Committee of Whole-Time Directors

The Committee of Whole-time Directors exercises powers delegated to it by the Board, for managing the affairs of the Bank, for review and efficient control of various operational areas such as treasury, branch banking etc., and for ensuring speedy disposal of matters requiring immediate approval.

The Committee consists of all Whole-time Directors of the Bank.

Meetings during the year:

6 meetings of the Committee of Whole-time Directors were held during the year on 29th October 2012, 22nd November 2012, 17th December 2012, 14th January 2013, 25th February 2013 and 25th March 2013.

j) Acquisitions, Divestments and Mergers Committee

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.

Meetings and Attendance during the year:

4 meetings of Acquisitions, Divestments and Mergers Committee were held during the year on 24th April 2012, 27th April 2012, 26th September 2012 and 29th November 2012. Smt. Shikha Sharma, Shri K. N. Prithviraj and Shri Prasad R. Menon attended all the four meetings. Shri V. R. Kaundinya attended two meetings. Shri S. B. Mathur attended one meeting. Smt. Rama Bijapurkar could not attend any meeting. Shri V. R. Kaundinya also attended one meeting through tele-conference.

k) IT Strategy Committee

The IT Strategy Committee functions with the following main objectives:

i. Approving IT strategy and policies.

ii. Ensuring that management has an effective strategic planning process in place.

iii. Ensuring 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 the 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. Approving capital and revenue expenditure in respect of IT procurements.

Meetings and Attendance during the year:

5 meetings of IT Strategy Committee were held during the year on 27th April 2012, 17th July 2012, 13th September 2012, 28th December 2012 and 22nd March 2013. Shri Som Mittal and Shri Prasad R. Menon attended all the five meetings. Smt. Shikha Sharma attended four meetings. Shri Somnath Sengupta attended one meeting for which he was eligible.

3. General Body Meetings:

The last three Annual General Meetings were held as follows:

Annual General Meeting	Date and Day	Time	Location
16th	8.6.2010 - Tuesday	10.00 a.m.	Bhaikaka Bhavan, Ellisbridge, Ahmedabad – 380 006
17th	17.6.2011 - Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015
18th	22.06.2012 - Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015

The special resolutions passed during the last three Annual General Meetings/Postal Ballot were as under:

Annual General Meeting	Date of Annual General Meeting	Special Resolutions
16th	8.6.2010	• Resolution No. 5 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956. • Resolution No. 14 - Approval of the shareholders of the Bank pursuant to Section 81 of the Companies Act, 1956 authorising the Board of Directors of the Bank to issue, offer and allot equity stock options under the Employees Stock Option Scheme of the Bank. • Resolution No. 15 - Approval of the shareholders of the Bank pursuant to Section 81(1A) of the Companies Act, 1956 authorising the Board of Directors of the Bank to create, offer, issue and allot equity stock options to the permanent employees of the subsidiaries of the Bank, present and future, including any Director of the Subsidiary Companies, under the Employees Stock Option Scheme of the Bank.
17th	17.6.2011	• Resolution No. 5 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956.
18th	22.6.2012	• Resolution No. 5 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956.
Resolution passed through Postal Ballot	Date of Scrutinizer's Report - 28.1.2013	• Special Resolution for alteration of articles relating to increase in authorised share capital from ₹500 crores to ₹850 crores*. • Special Resolution for raising of Tier I capital**.

* A total of 3,963 number of valid ballots were received and 99.17% of votes were cast in favour of the resolution and 0.83% against the resolution.

** A total of 3,884 number of valid ballots were received and 98.83% of votes were cast in favour of the resolution and 1.17% against the resolution.

The Bank had provided the members e-voting facility in respect of the above resolution passed through postal ballot.

No Resolution in the notice of the proposed Nineteenth Annual General Meeting is proposed to be passed by Postal Ballot.

4. Dividend History of Last Five Years

Sr. No.	Financial Year	Rate of Dividend	Date of Declaration (AGM)	Date of Payment (Date of Dividend Warrant)
i.	2007-08	60% (₹6.00 per share)	6.6.2008	7.6.2008
ii.	2008-09	100% (₹10.00 per share)	1.6.2009	2.6.2009
iii.	2009-10	120% (₹12.00 per share)	8.6.2010	9.6.2010
iv.	2010-11	140% (₹14.00 per share)	17.6.2011	18.6.2011
v.	2011-12	160% (₹16.00 per share)	22.6.2012	23.6.2012

Unclaimed Dividends:

All shareholders whose dividends are unpaid have been intimated individually to claim their dividends. Under the Transfer of Unclaimed Dividend Rules, it would not be possible to claim the dividend amount once deposited in Investors' Education & Protection Fund (IEPF). Shareholders are, therefore, again requested to claim their unpaid dividend, if not already claimed.

Transfer to Investor Protection Fund:

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unclaimed for a period of seven years are transferred to the Investors' Education and Protection Fund administered by the Central Government. Listed in the table below are the dates of dividend declaration since 2005-06 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government.

Year	Dividend-Type	Date of Declaration	Due Date of Transfer
2005-06	Final	2.6.2006	2.7.2013
2006-07	Final	1.6.2007	1.7.2014
2007-08	Final	6.6.2008	6.7.2015
2008-09	Final	1.6.2009	1.7.2016
2009-10	Final	8.6.2010	8.7.2017
2010-11	Final	17.6.2011	17.7.2018
2011-12	Final	22.6.2012	22.7.2019

5. **Disclosures**

- There were no transactions of a material nature undertaken by the Bank with its promoters, directors or the management, their subsidiaries or relatives that may have a potential conflict with the interests of the Bank.
- There are no instances of non-compliance by the Bank, penalties and strictures imposed by Stock Exchanges and SEBI/other statutory authorities on any matter related to capital markets during the last three years other than the following:

  i. A penalty of ₹2 lacs was imposed by SEBI vide its adjudication order dated 10th March 2011. It was passed with respect to the Debenture Trustee activity carried out by the Bank. The Bank had filed an appeal against the said order with the Securities Appellate Tribunal. After taking note of the responses and submissions made by the Bank and on the background that there was no loss caused to any Investor, the Hon'ble Tribunal dismissed the appeal by upholding the Adjudication Officer's Order with a special mention that the breaches of SEBI Regulations did not appear to be intentional and lenient view needs to be taken. The Bank has since paid the penalty as directed by SEBI.

  ii. SEBI has conveyed to the Bank its displeasure in not exercising the required level of diligence in preventing certain errors during the IPO of Orient Green Power Company Limited wherein the Bank had acted as a merchant banker.

  iii. During the buyback of shares by India Infoline Limited, wherein the Bank acted as a merchant banker, SEBI has warned the Bank to be more careful in exercising due diligence while drafting public announcements in future.

  iv. During the current financial year 2012-13, there are 2 instances wherein penalty of ₹150/- and ₹50/- was imposed by National Securities Depository Limited (NSDL) on the Bank for data entry errors while capturing PAN details in demat accounts in NSDL system.

  v. The inspection of depository services (CDSL & NSDL) was conducted by Securities and Exchange Board of India (SEBI) in June, 2012. Subsequently, SEBI vide their letter dated 6th November 2012 has issued administrative warning to the Bank for delay in redressal of investor grievances and for submitting wrong information in reply to pre-inspection questionnaire.

  vi. SEBI (through its Adjudicating Officer) vide its letter reference no. EAD-5/PG/SPV/22106/2012 dated 3rd October 2012 had issued notice to the Bank informing that the Adjudicating Officer has been appointed to inquire into and adjudge under Sections 15G and 15HB of the SEBI Act, the alleged violation of various provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the SEBI (Merchant Bankers) Regulations, 1992, while acting as the

Manager to the open offers of KSK Energy Ventures Limited and Bombay Rayon Fashions Limited. The Bank has submitted its preliminary response to the Show cause Notice on 11th January 2013, wherein it has refuted the various violation charges levelled against it. In the personal hearing held on 5th February 2013, the Bank has once again reiterated its above stand. The adjudicating officer vide order dated 28th March 2013 indicated that no charges were established under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. No penalty was levied on the Bank.

vii. National Securities Clearing Corporation Limited (NSCCL) has levied a penalty of ₹40,507.81 in September 2012 on account of short reporting of margin in currency segment of NSE.

- Whistleblower Policy: 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 (including shareholders, depositors and employees) the Bank has formulated a 'Whistleblower Policy'. The Policy provides employees with the 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 the offences, the Policy enables the Bank's staff to report the concerns directly to the Audit Committee of the Board. The Policy is intended to encourage employees to report suspected or actual occurrence of illegal, unethical or inappropriate actions, behaviour or practices by staff without fear of retribution. The employees use this Policy regularly as a tool to voice their concerns on irregularities, malpractices and other misdemeanours. To ensure smooth flow and management of complaints under Whistleblower policy, a new web-based application - 'Corporate Whistleblower' has been set up which also provides an option for anonymous reporting thereby enabling the employees to lodge their 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 employees to speak up so that preventive action is initiated. It is hereby affirmed that the Bank has not denied personal access to the Audit Committee of the Board and that the Policy contains provisions protecting Whistleblowers from unfair termination and other unfair prejudicial and employment practice. The Whistleblower Policy is required to be reviewed by the Audit Committee of the Board.
- The Bank has complied with the mandatory requirements regarding the Board of Directors, Audit Committee and other Board Committees and other disclosures as required under the provisions of Clause 49 of the Listing Agreement. The Bank has also complied with non-mandatory requirements like formation of HR & Remuneration Committee and Nomination Committee, sending half-yearly results to each shareholder, the performance evaluation of all Directors under 'Fit & Proper' Criteria laid down by RBI, unqualified financial statements and establishment of a Whistleblower Policy.

6. Means of Communication

- Quarterly/Half-yearly results are communicated through newspaper advertisements, press releases and by posting information on the Bank's web site. Also, Half-yearly results are generally forwarded to each shareholder through post and also by email along with a letter from the Managing Director & CEO.
- The results are generally published in the Economic Times and Gujarat Samachar or Sandesh or Divya Bhaskar.
- Address of our official website is **www.axisbank.com** where the information is displayed.
- Generally, after the half-yearly and the annual results are approved by the Board, formal presentations are made to analysts by the management and the same is also placed on the Bank's website.
- The Management's Discussion and Analysis Report for the year 2012-13 is part of the Annual Report.

7. General Shareholder Information

- AGM: Date, time and venue - 19th July 2013 – 10.00 A.M.
  At J. B. Auditorium
  Ahmedabad Management Association
  AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.

- Financial Year/Calendar - 1st April 2013 to 31st March 2014. The meetings to consider quarterly results for the quarter ending June 2013, September 2013 and December 2013 are proposed to be held during second half of July 2013, October 2013 and January 2014. The meeting to consider audited annual accounts and Q4 results is proposed to be held during the second half of April 2014.
- Date of Book Closure - 9th July 2013 to 19th July 2013 (both days inclusive)

  The Dividend would be paid to the shareholders whose names stand on the Register of Members on the close of business hours of 8th July 2013.
- Dividend Payment Date - The despatch of the dividend warrants/ECS credit would commence on 20th July 2013 and is expected to be completed on or before 26th July 2013.

- The Bank's shares are listed on the following Stock Exchanges:

  i. The BSE Limited, P. J. Towers, Dalal Street, Mumbai – 400 001.

  ii. The National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, "G" Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.
- The Bank's Global Depositary Receipts (GDRs) are listed and traded on the London Stock Exchange, 10 Paternoster Square, London EC4M 7LS, UK.
- Listing of equity shares/GDRs on Stock Exchanges (with stock code):

Name of Stock Exchange	Stock Code
The BSE Limited	532215
The National Stock Exchange of India Limited	AXISBANK
London Stock Exchange	AXB

The annual fees for financial year 2013-14 have been paid to all the Stock Exchanges where the shares are listed.

ISIN for equity shares : INE 238A01026

Name of Depositories : i. National Securities Depository Limited

ii. Central Depository Services (India) Limited

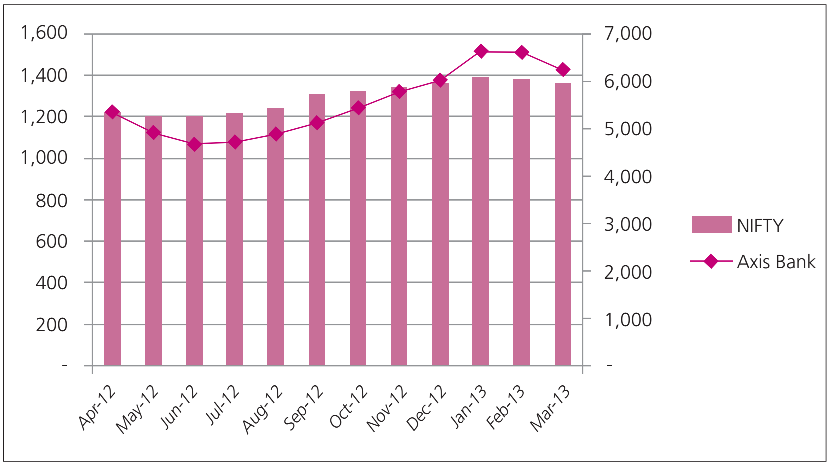
ISIN for GDRs : US05462W1099

- Market Price Data: The price of the Bank's Share - High, Low during each month in the last financial year on NSE was as under:

MONTH	HIGH (₹)	LOW (₹)
April 2012	1,226.50	1,076.15
May 2012	1,127.65	922.00
June 2012	1,072.00	944.10
July 2012	1,081.40	991.70
August 2012	1,122.00	988.55
September 2012	1,174.50	927.25
October 2012	1,246.15	1,008.50
November 2012	1,324.60	1,177.00
December 2012	1,379.00	1,304.50
January 2013	1,516.05	1,343.05
February 2013	1,515.00	1,333.95
March 2013	1,427.70	1,277.05

- The Bank's share price has moved in accordance with the movement of NIFTY. It touched a high of ₹1,516.05 in January 2013 and low of ₹922.00 in May 2012 on the National Stock Exchange.

Performance in comparison to NIFTY



- The high and low closing prices of the Bank's GDRs traded during the last financial year on the London Stock Exchange are given below:

MONTH	HIGH (USD)	LOW (USD)
April 2012	23.89	20.40
May 2012	21.29	16.82
June 2012	19.72	16.97
July 2012	19.53	18.00
August 2012	21.25	17.90
September 2012	21.80	16.65
October 2012	23.66	20.40
November 2012	24.81	21.66
December 2012	26.08	23.31
January 2013	28.78	24.10
February 2013	28.67	24.63
March 2013	26.55	23.35

- **Registrar and Share Transfer Agents:**

M/s. Karvy Computershare Private Limited
Unit : Axis Bank Limited
Plot No. 17 to 24, Vittalrao Nagar
Madhapur, Hyderabad – 500 081
Phone No. 040-23420815 to 23420824
Fax No. 040-23420814
Email: einward.ris@karvy.com
Contact Persons: Shri V. K. Jayaraman, GM (RIS)/Ms. Varalakshmi, Sr. Manager (RIS)

- **Share Transfer System**

A Share Committee consisting of President (Law) and the Company Secretary of the Bank has been formed to look after the matters relating to the transfer of shares, issue of duplicate share certificates in lieu of mutilated share certificates, and other related matters. The resolutions passed by the Share Committee are confirmed at subsequent Board meetings. The Bank's Registrar and Share Transfer Agents, M/s Karvy Computershare Private Limited, Hyderabad looks after the work relating to transfers.

The Bank ensures that all transfers are effected within a period of 15 days from the date of their lodgement.

The equity shares of the Bank are to be compulsorily traded in Demat form by all investors. The Bank has entered into agreements with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) so as to provide the members an opportunity to hold and trade shares of the Bank in electronic form.

The number of equity shares of Axis Bank transferred/processed during the last three years (excluding electronic transfer of shares in dematerialised form) is given below:

	2010-11	**2011-12**	**2012-13**
Number of transfer deeds	623	421	324
Number of shares transferred	42,200	32,601	18,100

As required under Clause 47(c) of the listing agreement, a practicing Company Secretary has examined the records relating to share transfer deeds, memorandum of transfers, registers, files and other related documents on a half-yearly basis and has certified compliance with the provisions of the above clause of the listing agreement. The certificates are forwarded to BSE and NSE where the Bank's equity shares are listed and also placed before the Shareholders/Investors Grievance Committee.

As required by SEBI, a Share Capital Audit is conducted on a quarterly basis by a practicing Company Secretary, for the purpose of, inter alia, reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued/paid-up equity capital of Axis Bank Limited. Certificates issued in this regard are placed before the Shareholders/Investors Grievance Committee and forwarded to BSE and NSE, where the equity shares of Axis Bank Limited are listed.

Shareholders of Axis Bank with more than one per cent holding at 31st March 2013

Name of Shareholder	No. of Shares	% to total No. of shares
Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	9,72,24,373	20.78
Life Insurance Corporation of India*	4,33,35,460	9.26
The Bank of New York Mellon – as depositary for the equity shares representing the underlying shares to the Global Depositary Receipts (GDRs) issued to the investors overseas	3,81,91,452	8.16
Europacific Growth Fund	1,75,68,985	3.75
HSBC Bank (Mauritius) Limited A/C Cinnamon Capital Limited	1,68,60,155	3.60
Genesis Indian Investment Company Limited - General Sub Fund	87,16,992	1.86
ICICI Prudential Life Insurance Company Limited	81,92,627	1.75
General Insurance Corporation of India	78,21,990	1.67
American Funds Insurance Series International Fund	49,61,634	1.06
Centaura Investments (Mauritius) Pte Ltd	48,03,544	1.03

* As per Benpos dated 31st March 2013, save and except 4,33,35,460 shares equivalent to 9.26% of the total paid up capital of the Bank held by LIC, all other holdings are not considered for arriving at the Promoter's shareholding.

- **Distribution of shareholding as on 31st March 2013**

Total nominal value ₹	:	4,67,95,44,680
Nominal value of each equity share ₹	:	10
Total number of equity shares	:	46,79,54,468
Distinctive numbers	:	1 to 46,79,54,468

Shareholding of Nominal Value		Shareholders		Share Amount Nominal Value	
₹	₹	Numbers	% to total Shareholders	In ₹	% to total Capital
Up to	5,000	1,52,233	95.32	10,31,21,190	2.20
5,001	10,000	3,686	2.31	2,69,99,480	0.58
10,001	20,000	1,483	0.93	2,14,53,260	0.46
20,001	30,000	504	0.31	1,25,97,330	0.27
30,001	40,000	241	0.15	84,61,320	0.18
40,001	50,000	176	0.11	80,24,870	0.17
50,001	100,000	402	0.25	2,85,50,710	0.61
100,001	Above	986	0.62	4,47,03,36,520	95.53
Total		**1,59,711**	**100.00**	**4,67,95,44,680**	**100.00**

As on 31st March 2013, out of total equity shares of the Bank, 46,41,25,455 shares representing 99.18% of the total shares have been dematerialised.

- The Bank has issued in the course of international offerings to the investors overseas, securities linked to ordinary shares in the form of Global Depositary Receipts (GDRs) during March/April 2005, July 2007 and September 2009 and the GDRs have been listed and traded on the London Stock Exchange. The Bank has simultaneously issued the underlying shares to the Global Depositary Receipts (GDRs) to the investors overseas. The underlying equity shares have been listed and permitted to be traded on the NSE and BSE. The number of outstanding GDRs as on 31st March, 2013 were 3,81,91,452.
- The Bank has not issued any ADRs/Warrants or any other convertible instruments, the conversion of which will have an impact on equity shares.
- Branch Locations – Given elsewhere
- Address for Correspondence:

The Company Secretary
Axis Bank Limited
Registered Office
'Trishul', 3rd Floor, Opp. Samartheshwar Temple,
Law Garden, Ellisbridge, Ahmedabad – 380 006
Phone No. : 079-26409322
Fax No. : 079-26409321
Email : p.oza@axisbank.com/sanjeev.kapoor@axisbank.com/rajendra.swaminarayan@axisbank.com

Compliance with the Code of Conduct - FY 2012-13

I confirm that for the year under review all Directors and members of the Senior Management have affirmed compliance with the Code of Conduct of the Bank.

Shikha Sharma
Managing Director & CEO

24th April 2013

AXIS BANK LIMITED GROUP - AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
OF AXIS BANK LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **AXIS BANK LIMITED** ("the Bank"), its subsidiaries (the Bank and its subsidiaries constitute "the group"), which comprise the Consolidated Balance Sheet as at 31 March, 2013, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Bank's Management is responsible for the preparation of these consolidated financial statements 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 the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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 the internal control relevant to the Bank's preparation and presentation of the consolidated 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 the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2013;

(b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of 9 subsidiaries, whose financial statements reflect total assets (net) of ₹431.71 crores as at 31 March, 2013, total revenues of ₹294.56 crores and net cash flows amounting to ₹64.65 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹1.22 crores for the year ended 31 March, 2013, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors.

Our report is not qualified in respect of this matter.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No: 117365W)

Z. F. Billimoria
Partner
(Membership No. 42791)

Date : 24th April, 2013
Place: Mumbai

AXIS BANK LIMITED GROUP - BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2013

	Schedule No.	**As at 31-03-2013 (₹ in Thousands)**	As at 31-03-2012 (₹ in Thousands)
CAPITAL AND LIABILITIES			
Capital	1	**4,679,545**	4,132,039
Reserves & Surplus	2	**326,904,199**	222,685,105
Minority Interest	2A	**125,337**	-
Deposits	3	**2,521,491,177**	2,199,876,805
Borrowings	4	**441,050,984**	340,716,721
Other Liabilities and Provisions	5	**111,326,074**	86,754,428
TOTAL		**3,405,577,316**	2,854,165,098
ASSETS			
Cash and Balances with Reserve Bank of India	6	**147,921,100**	107,029,222
Balances with Banks and Money at Call and Short Notice	7	**57,078,130**	32,313,084
Investments	8	**1,133,780,559**	929,214,413
Advances	9	**1,969,901,405**	1,697,595,386
Fixed Assets	10	**23,873,291**	22,841,378
Other Assets	11	**73,022,831**	65,171,615
TOTAL		**3,405,577,316**	2,854,165,098
Contingent Liabilities	12	**5,481,234,674**	4,802,382,789
Bills for Collection		**278,948,780**	346,346,043
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 Deloitte Haskins & Sells
Chartered Accountants

Sanjiv Misra
Chairman

Z. F. Billimoria
Partner

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Shikha Sharma
Managing Director & CEO

Somnath Sengupta
Executive Director
& Head (Corporate Centre)

V. Srinivasan
Executive Director
& Head (Corporate Banking)

P. J. Oza
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 24th April, 2013
Place: Mumbai

AXIS BANK LIMITED GROUP - PROFIT & LOSS ACCOUNT

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2013

		Schedule No.	Year ended 31-03-2013 (₹ in Thousands)	Year ended 31-03-2012 (₹ in Thousands)
I	**INCOME**			
	Interest earned	13	**272,019,752**	219,948,991
	Other income	14	**68,328,045**	54,871,922
	TOTAL		**340,347,797**	274,820,913
II	**EXPENDITURE**			
	Interest expended	15	**175,133,879**	139,691,770
	Operating expenses	16	**71,405,164**	60,998,947
	Provisions and contingencies	18 (2.1.1)	**41,470,830**	31,945,090
	TOTAL		**288,009,873**	232,635,807
III	**NET PROFIT FOR THE YEAR**		**52,337,924**	42,185,106
	Minority interest		**(2,473)**	-
	Share in Profit/(Loss) of Associate		**12,193**	12,683
IV	**CONSOLIDATED NET PROFIT ATTRIBUTABLE TO GROUP**		**52,347,644**	42,197,789
	Balance in Profit & Loss Account brought forward from previous year		**72,004,480**	48,644,522
	Profit of business acquired under demerger	18.1a	**1,123,298**	-
V	**AMOUNT AVAILABLE FOR APPROPRIATION**		**125,475,422**	90,842,311
VI	**APPROPRIATIONS :**			
	Transfer to Statutory Reserve		**12,948,583**	10,605,513
	Transfer to Reserve Fund u/s 45 IC of RBI Act, 1934		**81,100**	-
	Transfer to Investment Reserve		**534,571**	-
	Transfer to Capital Reserve		**1,414,579**	519,047
	Transfer to General Reserve		**141,678**	10,721
	Transfer to Reserve Fund		**26,084**	-
	Proposed dividend (includes tax on dividend)	18 (2.1.6)	**9,874,798**	7,702,550
	Balance in Profit & Loss Account carried forward		**100,454,029**	72,004,480
	TOTAL		**125,475,422**	90,842,311
VII	**EARNINGS PER EQUITY SHARE**	18 (2.1.4)		
	(Face value ₹10/- per share) (Rupees)			
	Basic		**120.95**	102.40
	Diluted		**120.12**	101.66
	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 Deloitte Haskins & Sells
Chartered Accountants

Z. F. Billimoria
Partner

For Axis Bank Ltd.

Sanjiv Misra
Chairman

K. N. Prithviraj Director | **V. R. Kaundinya** Director | **S. B. Mathur** Director | **Samir K. Barua** Director | **Shikha Sharma** Managing Director & CEO

Somnath Sengupta
Executive Director
& Head (Corporate Centre)

V. Srinivasan
Executive Director
& Head (Corporate Banking)

P. J. Oza
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 24th April, 2013
Place: Mumbai

AXIS BANK LIMITED GROUP - CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

	Year ended 31-03-2013 (₹ *in Thousands*)	Year ended 31-03-2012 (₹ in Thousands)
Cash flow from operating activities		
Net profit before taxes	**76,243,422**	62,699,932
Adjustments for:		
Depreciation on fixed assets	**3,587,667**	3,481,517
Depreciation on investments	**(982,186)**	580,985
Amortisation of premium on Held to Maturity investments	**674,599**	627,967
Provision for Non Performing Assets (including bad debts)	**11,791,902**	8,604,298
Provision on standard assets	**1,966,379**	1,503,036
Provision for wealth tax	**3,800**	3,600
(Profit)/loss on sale of fixed assets (net)	**44,308**	(191,093)
Provision for country risk	**(96,300)**	48,100
Provision for restructured assets	**1,039,492**	888,600
Provision for other contingencies	**3,839,773**	(198,354)
	98,112,856	78,048,588
Adjustments for:		
(Increase)/Decrease in investments	**(94,626,080)**	(165,820,597)
(Increase)/Decrease in advances	**(284,638,942)**	(282,226,283)
Increase/(Decrease) in deposits	**321,779,561**	308,212,491
(Increase)/Decrease in other assets	**(2,927,589)**	(15,613,749)
Increase/(Decrease) in other liabilities & provisions	**14,693,370**	1,790,934
Direct taxes paid	**(26,659,402)**	(23,434,170)
Net cash flow from operating activities	**25,733,774**	(99,042,786)
Cash flow from investing activities		
Purchase of fixed assets	**(4,838,186)**	(3,965,641)
(Increase)/Decrease in Held to Maturity investments	**(108,709,212)**	(47,204,626)
Proceeds from sale of fixed assets	**226,674**	763,001
Net cash used in investing activities	**(113,320,724)**	(50,407,266)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

	Year ended 31-03-2013 *(₹ in Thousands)*	Year ended 31-03-2012 (₹ in Thousands)
Cash flow from financing activities		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	**19,654,731**	35,808,360
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	**80,679,532**	42,229,537
Proceeds from issue of share capital	**426,605**	26,581
Proceeds from share premium (net of share issue expenses)	**56,329,659**	1,336,820
Payment of dividend	**(7,901,877)**	(6,699,437)
Increase in minority interest	**125,337**	-
Net cash generated from financing activities	**149,313,987**	72,701,861
Effect of exchange fluctuation translation reserve	**1,677,300**	2,003,938
Net cash and cash equivalents on business acquired under demerger	**2,252,587**	-
Net increase in cash and cash equivalents	**65,656,924**	(74,744,253)
Cash and cash equivalents at the beginning of the year	**139,342,306**	214,086,559
Cash and cash equivalents at the end of the year	**204,999,230**	139,342,306

Note :

1. Cash and cash equivalents comprise of cash on hand (including foreign currency notes), balances with Reserve Bank of India, balances with banks and money at call & short notice (Refer Schedules 6 and 7 of the Balance Sheet).

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Z. F. Billimoria
Partner

For Axis Bank Ltd.

Sanjiv Misra
Chairman

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Shikha Sharma
Managing Director & CEO

Somnath Sengupta
Executive Director
& Head (Corporate Centre)

V. Srinivasan
Executive Director
& Head (Corporate Banking)

P. J. Oza
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 24th April, 2013
Place: Mumbai

AXIS BANK LIMITED GROUP - SCHEDULES

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2013

	As at 31-03-2013 (₹ in Thousands)	As at 31-03-2012 (₹ in Thousands)
SCHEDULE 1 - CAPITAL		
Authorised Capital		
850,000,000 (Previous year - 500,000,000) Equity Shares of ₹10/- each	**8,500,000**	5,000,000
Issued, Subscribed and Paid-up capital		
467,954,468 (Previous year - 413,203,952) Equity Shares of ₹10/- each fully paid-up [Refer Schedule 18.1b]	**4,679,545**	4,132,039
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening Balance	**38,425,863**	27,820,350
Additions during the year	**12,948,583**	10,605,513
	51,374,446	38,425,863
II. Share Premium Account		
Opening Balance	**101,387,610**	100,050,790
Additions during the year	**56,626,088**	1,336,820
Less: Share issue expenses	**(296,429)**	-
	157,717,269	101,387,610
III. Investment Reserve Account		
Opening Balance	**-**	-
Additions during the year	**534,571**	-
	534,571	-
IV. General Reserve		
Opening Balance	**3,564,817**	3,545,596
Additions during the year	**141,678**	19,221
	3,706,495	3,564,817
V. Capital Reserve		
Opening Balance	**5,424,982**	4,905,935
Additions during the year [Refer Schedule 18.1a]	**4,035,182**	519,047
	9,460,164	5,424,982
VI. Foreign Currency Translation Reserve [Refer Schedule 17 (4.5)]		
Opening Balance	**1,877,353**	(126,585)
Additions during the year	**1,672,688**	2,003,938
	3,550,041	1,877,353
VII. Reserve Fund		
Opening Balance	**-**	-
Additions during the year [Refer Schedule 18.1c]	**26,084**	-
	26,084	-
VIII. Reserve Fund u/s 45 IC of RBI Act, 1934		
Opening Balance	**-**	-
Additions during the year	**81,100**	-
	81,100	-
IX. Balance in Profit & Loss Account	**100,454,029**	72,004,480
TOTAL	**326,904,199**	222,685,105

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2013

	As at 31-03-2013 (₹ in Thousands)	As at 31-03-2012 (₹ in Thousands)
SCHEDULE 2A - MINORITY INTEREST		
I. Minority Interest		
Opening Balance	**-**	-
Increase during the year	**125,337**	-
Closing Minority Interest	**125,337**	-

	As at 31-03-2013 (₹ in Thousands)	As at 31-03-2012 (₹ in Thousands)
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
(i) From banks	**29,255,626**	20,980,835
(ii) From others	**452,753,586**	376,461,674
II. Savings Bank Deposits	**637,777,349**	516,679,577
III. Term Deposits		
(i) From banks	**151,218,877**	100,943,739
(ii) From others	**1,250,485,739**	1,184,810,980
TOTAL	**2,521,491,177**	2,199,876,805
B. I. Deposits of branches in India	**2,382,248,378**	2,093,329,640
II. Deposits of branches outside India	**139,242,799**	106,547,165
TOTAL	**2,521,491,177**	2,199,876,805

	As at 31-03-2013 (₹ in Thousands)	As at 31-03-2012 (₹ in Thousands)
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	**-**	1,150,000
(ii) Other banks #	**22,367,200**	4,472,000
(iii) Other institutions & agencies **	**145,625,033**	121,210,990
II. Borrowings outside India $	**273,058,751**	213,883,731
TOTAL	**441,050,984**	340,716,721
Secured borrowings included in I & II above	**-**	-

Borrowings from other banks include Subordinated Debt of ₹557.60 crores (previous year ₹359.60 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of Nil (previous year Nil) and Upper Tier II instruments of ₹59.10 crores (previous year ₹59.10 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

** Borrowings from other institutions & agencies include Subordinated Debt of ₹10,071.70 crores (previous year ₹8,391.70 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹214.00 crores (previous year ₹214.00 crores) and Upper Tier II instruments of ₹248.40 crores (previous year ₹248.40 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

$ Borrowings outside India include Perpetual Debt of ₹249.71 crores (previous year ₹234.03 crores) and Upper Tier II instruments of ₹1,139.03 crores (previous year ₹1,067.24 crores) [Also refer Note 18 (2.1.3)]

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2013

		As at 31-03-2013 (₹ in Thousands)	As at 31-03-2012 (₹ in Thousands)
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I.	Bills payable	**35,288,164**	30,853,220
II.	Inter-office adjustments (net)	**-**	-
III.	Interest accrued	**8,343,254**	6,478,322
IV.	Proposed dividend (includes tax on dividend)	**9,852,151**	7,681,950
V.	Contingent provision against standard assets	**9,766,994**	7,799,683
VI.	Others (including provisions)	**48,075,511**	33,941,253
	TOTAL	**111,326,074**	86,754,428
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in hand (including foreign currency notes)	**40,539,059**	35,957,450
II.	Balances with Reserve Bank of India :		
	(i) in Current Account	**107,382,041**	71,071,772
	(ii) in Other Accounts	**-**	-
	TOTAL	**147,921,100**	107,029,222
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	**3,473,308**	3,516,323
	(b) in Other Deposit Accounts	**9,853,149**	6,146,450
	(ii) Money at Call and Short Notice		
	(a) With banks	**-**	-
	(b) With other institutions	**-**	-
	TOTAL	**13,326,457**	9,662,773
II.	Outside India		
	(i) in Current Accounts	**11,608,466**	7,669,498
	(ii) in Other Deposit Accounts	**13,474,234**	3,845,538
	(iii) Money at Call & Short Notice	**18,668,973**	11,135,275
	TOTAL	**43,751,673**	22,650,311
	GRAND TOTAL (I+II)	**57,078,130**	32,313,084

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2013

		As at 31-03-2013 (₹ in Thousands)	As at 31-03-2012 (₹ in Thousands)
SCHEDULE 8 - INVESTMENTS			
I.	**Investments in India in -**		
(i)	Government Securities ## **	**722,498,592**	584,162,116
(ii)	Other approved securities	**-**	-
(iii)	Shares	**7,549,074**	7,399,921
(iv)	Debentures and Bonds	**260,744,089**	231,507,877
(v)	Investment in Joint Ventures $	**367,217**	355,024
(vi)	Others (Mutual Fund units, CD/CP, NABARD deposits, PTC etc.) @	**133,809,991**	98,516,571
	Total Investments in India	**1,124,968,963**	921,941,509
II.	**Investments outside India in -**		
(i)	Government Securities (including local authorities)	**2,683,274**	1,170,306
(ii)	Subsidiaries and/or joint ventures abroad (amount less than ₹1,000 for previous year) [Refer Schedule 17.2b]	**29,978**	-
(iii)	Others	**6,098,344**	6,102,598
	Total Investments outside India	**8,811,596**	7,272,904
	GRAND TOTAL (I+II)	**1,133,780,559**	929,214,413

Includes securities costing ₹4,766.66 crores (previous year ₹4,427.15 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements.

** Inclusive of Repo Lending of ₹7,350.00 crores (previous year ₹3,675.00 crores) and net of Repo borrowing of NIL (previous year ₹3,140.76 crores) under the Liquidity Adjustment Facility in line with the RBI requirements.

$ Represents investment accounted as an Associate in line with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, as notified under the Companies (Accounting Standards) Rules, 2006 [Refer Schedule 17.2d].

@ Includes priority sector shortfall deposits ₹6,980.42 crores (previous year ₹5,100.53 crores) and PTC's ₹1,471.03 crores (previous year ₹204.67 crores) net of depreciation, if any.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2013

			As at 31-03-2013 (₹ in Thousands)	As at 31-03-2012 (₹ in Thousands)
SCHEDULE 9 - ADVANCES				
A.	(i)	Bills purchased and discounted *	**56,079,021**	39,089,332
	(ii)	Cash credits, overdrafts and loans repayable on demand @	**546,679,115**	468,608,528
	(iii)	Term loans #	**1,367,143,269**	1,189,897,526
		TOTAL	**1,969,901,405**	1,697,595,386
B.	(i)	Secured by tangible assets $	**1,613,889,953**	1,417,163,384
	(ii)	Covered by Bank/Government Guarantees &&	**18,089,151**	50,233,791
	(iii)	Unsecured	**337,922,301**	230,198,211
		TOTAL	**1,969,901,405**	1,697,595,386
C.	I.	Advances in India		
		(i) Priority Sector	**484,982,533**	484,792,379
		(ii) Public Sector	**39,189,817**	32,535,626
		(iii) Banks	**449,490**	3,477,937
		(iv) Others	**1,143,951,454**	923,767,773
		TOTAL	**1,668,573,294**	1,444,573,715
	II.	Advances Outside India		
		(i) Due from banks	**10,371,975**	1,127,900
		(ii) Due from others -		
		(a) Bills purchased and discounted	**2,687,649**	6,438,231
		(b) Syndicated loans	**109,487,196**	108,035,085
		(c) Others	**178,781,291**	137,420,455
		TOTAL	**301,328,111**	253,021,671
		GRAND TOTAL (CI+CII)	**1,969,901,405**	1,697,595,386

* Net of borrowings under Bills Rediscounting Scheme ₹1,000.00 crores (previous year ₹3,480.00 crores)

@ Net of borrowings under Inter Bank Participation Certificate ₹205.89 crores (previous year ₹60.36 crores)

\# Net of borrowings under Inter Bank Participation Certificate ₹10,256.09 crores (previous year ₹7,968.24 crores)

$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2013

		As at 31-03-2013 (₹ *in Thousands*)	As at 31-03-2012 (₹ *in Thousands*)
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	Gross Block		
	At cost at the beginning of the year	**9,001,944**	9,117,340
	Additions during the year	**39,131**	96,841
	Deductions during the year	**-**	(212,237)
	TOTAL	**9,041,075**	9,001,944
	Depreciation		
	As at the beginning of the year	**262,236**	198,381
	Charge for the year	**147,275**	146,310
	Deductions during the year	**-**	(82,455)
	Depreciation to date	**409,511**	262,236
	Net Block	**8,631,564**	8,739,708
II.	Other fixed assets (including furniture & fixtures)		
	Gross Block		
	At cost at the beginning of the year	**27,125,650**	25,442,102
	Additions on demerger	**82,684**	-
	Additions during the year	**4,173,021**	3,300,281
	Deductions during the year	**(640,598)**	(1,616,733)
	TOTAL	**30,740,757**	27,125,650
	Depreciation		
	As at the beginning of the year	**13,822,155**	11,661,494
	Additions on demerger	**30,307**	-
	Charge for the year	**3,440,392**	3,335,207
	Deductions during the year	**(369,616)**	(1,174,546)
	Depreciation to date	**16,923,238**	13,822,155
	Net Block	**13,817,519**	13,303,495
III.	CAPITAL WORK-IN-PROGRESS (including capital advances)	**1,424,208**	798,175
	GRAND TOTAL (I+II+III)	**23,873,291**	22,841,378
SCHEDULE 11 - OTHER ASSETS			
I.	Inter-office adjustments (net)	**-**	-
II.	Interest Accrued	**27,157,882**	24,194,449
III.	Tax paid in advance/tax deducted at source (net of provisions)	**581,969**	1,280,325
IV.	Stationery and stamps	**11,221**	12,623
V.	Non banking assets acquired in satisfaction of claims	**209,600**	262,681
VI.	Others #	**45,062,159**	39,421,537
	TOTAL	**73,022,831**	65,171,615

Includes deferred tax assets of ₹1,378.09 crores (previous year ₹1,027.44 crores)

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2013

		As at 31-03-2013 (₹ *in Thousands*)	As at 31-03-2012 (₹ *in Thousands*)
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the Group not acknowledged as debts	**1,676,197**	2,602,142
II.	Liability for partly paid investments	**-**	-
III.	Liability on account of outstanding forward exchange and derivative contracts :		
	(a) Forward Contracts	**2,320,162,574**	2,009,254,981
	(b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	**2,210,541,350**	1,752,490,787
	(c) Foreign Currency Options	**80,228,625**	130,543,459
	TOTAL (a+b+c)	**4,610,932,549**	3,892,289,227
IV.	Guarantees given on behalf of constituents		
	In India	**517,036,841**	467,505,902
	Outside India	**111,222,144**	98,612,604
V.	Acceptances, endorsements and other obligations	**228,015,939**	302,612,607
VI.	Other items for which the Group is contingently liable	**12,351,004**	38,760,307
	GRAND TOTAL (I+II+III+IV+V+VI)	**5,481,234,674**	4,802,382,789

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2013

		Year ended 31-03-2013 (₹ in Thousands)	Year ended 31-03-2012 (₹ in Thousands)
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/discount on advances/bills	**191,712,828**	153,793,526
II.	Income on investments	**77,469,806**	63,942,667
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	**1,112,621**	984,267
IV.	Others	**1,724,497**	1,228,531
	TOTAL	**272,019,752**	219,948,991
SCHEDULE 14 - OTHER INCOME			
I.	Commission, exchange and brokerage	**52,655,041**	44,156,852
II.	Profit/(Loss) on sale of investments (net)	**6,346,482**	750,000
III.	Profit/(Loss) on sale of fixed assets (net)	**(44,308)**	191,092
IV.	Profit on exchange/derivative transactions (net)	**6,640,573**	6,739,668
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 ₹268.51 crores (previous year ₹291.84 crores) and net loss on account of portfolio sell downs/securitisation ₹5.88 crores (previous year net loss of ₹1.60 crores)]	**2,730,257**	3,034,310
	TOTAL	**68,328,045**	54,871,922
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on deposits	**150,002,762**	121,759,124
II.	Interest on Reserve Bank of India/Inter-bank borrowings	**4,596,175**	2,319,578
III.	Others	**20,534,942**	15,613,068
	TOTAL	**175,133,879**	139,691,770
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for employees	**26,753,665**	22,540,184
II.	Rent, taxes and lighting	**7,666,611**	6,685,783
III.	Printing and stationery	**1,030,852**	950,424
IV.	Advertisement and publicity	**1,238,348**	903,390
V.	Depreciation on Group's property	**3,587,667**	3,481,517
VI.	Directors' fees, allowance and expenses	**18,240**	10,202
VII.	Auditors' fees and expenses	**15,851**	12,044
VIII.	Law charges	**179,019**	182,725
IX.	Postage, telegrams, telephones etc.	**2,869,492**	2,622,730
X.	Repairs and maintenance	**5,960,356**	5,382,245
XI.	Insurance	**2,626,618**	2,315,133
XII.	Other expenditure	**19,458,445**	15,912,570
	TOTAL	**71,405,164**	60,998,947

17 Significant accounting policies for the year ended 31 March, 2013

(Currency: In Indian Rupees)

1 Principles of Consolidation

The consolidated financial statements comprise the financial statements of Axis Bank Limited ('the Bank') and its subsidiaries, which together constitute 'the Group'.

The Bank consolidates its subsidiaries in accordance with AS-21, Consolidated Financial Statements notified under the Companies (Accounting Standards) Rules, 2006, on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. All significant inter-company accounts and transactions are eliminated on consolidation. Further, the Bank accounts for investments in associates in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, notified under the Companies (Accounting Standard) Rules, 2006, by the equity method of accounting.

2 Basis of preparation

a) The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, and comply with the generally accepted accounting principles, 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 the Companies (Accounting Standards) Rules, 2006, to the extent applicable and current practices prevailing within the banking industry in India.

b) The consolidated financial statements present the accounts of Axis Bank Limited with its following subsidiaries and associates:

Name	Relation	Country of Incorporation	Ownership Interest
Axis Capital Ltd. (Formerly Axis Securities & Sales 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 Private Ltd. (Formerly Enam Finance Private Ltd.)	Subsidiary*	India	100.00%
Axis U.K. Ltd.	Subsidiary	U.K.	100.00%
Bussan Auto Finance India Private Ltd. (see 'd' below)	Associate	India	26.00%

* with effect from 8 March, 2013

The consolidated financial statements also include the results of Axis Securities Ltd. and Enam Securities Europe Ltd., the step down subsidiaries of the Bank. The financial statements of Enam International Ltd., a step down subsidiary of the Bank, have not been consolidated since the company is under voluntary dissolution as on 31 March, 2013.

c) The audited financial statements of the above subsidiaries (including step down subsidiaries) and the unaudited financial statements of the associate have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2013.

d) This investment does not fall within the definition of a Joint Venture as per AS-27, Financial Reporting of Interest in Joint Ventures, notified under the Companies (Accounting Standards) Rules, 2006, and the said accounting standard is thus not applicable. However, pursuant to RBI guidelines, the Bank has classified the same as investment in joint ventures in the balance sheet. Such investment has been accounted as an Associate in line with AS-23, Accounting for Investment in Associates in Consolidated Financial Statements notified under the Companies (Accounting Standards) Rules, 2006.

3 Use of estimates

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

4 Significant accounting policies

4.1 Investments

Axis Bank Ltd.

Classification

In accordance with the RBI guidelines, investments are classified at the date 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 as on that date.

Investments that the Bank intends to hold till maturity are classified under the HTM category.

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, 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. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

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

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

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

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

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose;
- in case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at Re 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 Re 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;
- investments in Credit Linked Notes ('CLNs'), are valued based on current quotations where the same are available. In the absence of quotes, the same are valued based on internal valuation methodology using appropriate mark-up and other estimates such as price of the underlying Foreign Currency Convertible Bond ('FCCB'), rating category of the CLN etc. and
- security receipts are valued as per the NAV obtained from the issuing Reconstruction Company/Securitisation Company.

Investments in 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 in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account.

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

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions [excluding those conducted under the Liquid Adjustment Facility ('LAF') with RBI] are accounted as collateralised borrowing and lending respectively. Such transactions done under LAF are accounted as outright sale and outright purchase respectively. However, depreciation in their value, if any, compared to their original cost, is recognised in the Profit and Loss Account.

Policy for Short Sale

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

Subsidiaries

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Any reduction in the carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of such investments.

4.2 Advances

Axis Bank Ltd.

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

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

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

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

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

A general provision @ 0.25% in case of direct advances to agricultural and SME sectors, 1% in respect of advances classified as commercial real estate, 2% in respect of housing loans at teaser rates, 2.75% (previous year 2%) in respect of certain class of restructured assets and 0.40% for all other advances is made as prescribed by the RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') of a specific period subject to fulfilment of a set of conditions by the borrower. The

Bank makes provision on an estimated basis against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans. This provision is classified under Schedule 5 – Other Liabilities in the balance sheet.

4.3 *Country risk*

Axis Bank Ltd.

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

4.4 *Securtisation*

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 securtisation, 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 the Companies (Accounting Standards) Rules, 2006.

In accordance with RBI guidelines of 7 May, 2012 on 'Guidelines on Securitisation of Standard Assets', gain on securtisation transaction is recognised over the period of the underlying securities issued by the SPV as prescribed under RBI guidelines. Loss on securtisation 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 are translated as follows:

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

Outstanding forward exchange contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) and spot exchange contracts are revalued at year end exchange rates notified by FEDAI for specified maturities and at interpolated rates for contract of interim maturities. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines. The forward exchange contracts of longer maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the Profit and Loss Account.

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 foreign exchange contracts/options, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

Subsidiaries

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing rate on that date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined. The exchange differences, if any, either on settlement or translation are recognised in Profit and Loss Account.

4.6 Derivative transactions

Axis Bank Ltd.

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. The premium on option contracts is accounted for as per FEDAI guidelines. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive Mark to Market (MTM) in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss Account and are held in separate Suspense account.

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

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange.

4.7 Revenue recognition

Axis Bank Ltd.

Interest income is recognised on an accrual basis except interest income on non-performing assets, which is recognised on receipt in accordance with AS-9, Revenue Recognition as notified under the Companies (Accounting Standards) Rules, 2006 and the RBI guidelines.

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

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

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

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

Gain or loss arising on sale of NPAs is accounted as per the guidelines prescribed by the RBI, which require provisions to be made for any deficit (where sale price is lower than the net book value), while surplus (where sale price is higher than the net book value) is ignored.

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.

Axis Capital Limited

Business sourcing and resource management fee is recognised on accrual basis when all the services are performed.

Brokerage income in relation to stock broking activity is recognised on a trade date basis. Gains/losses on dealing in securities are recognised on a trade date basis.

Income from Super Value Plan to the extent of account opening fees is recognised upfront and balance is amortised over the validity of plan. Income from other existing prepaid plans is recognised on utilisation of complementary turnover limit or validity of plan, whichever is earlier.

Revenue from issue management, loan syndication, financial advisory services is recognised based on the stage of completion of assignments and terms of agreement with the client.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds, etc. are recorded on determination of the amount due to the Company, once the allotment of securities are completed.

Axis Private Equity Limited

Management Fee is recognised on accrual basis.

Axis Trustee Services Limited

Trusteeship fees are recognised, on a straight line basis, over the period when services are performed. Initial acceptance fee is recognised as and when the 'Offer Letter' for the services to be rendered is accepted by the customer.

Axis Asset Management Company Limited

Management fees are recognised on accrual basis at specific rates, applied on the average daily net assets of each scheme. The fees charged are in accordance with the terms of scheme information documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

Portfolio Management fees are recognised on an accrual basis as per the terms of the contract with the customers.

Marketing Advisory fees and fees received for acting as Point of Service ('POS') for CDSL Ventures Ltd., an agency mandated by the Mutual Fund industry to handle the Know Your Clients ('KYC') documentation and necessary database are recognised on an accrual basis.

Income from sale of investments is determined on weighted average basis and recognised on the trade date basis.

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.

Income from sale of investments is determined on weighted average basis and recognised on the trade date basis.

Axis Finance Private Limited

Interest from financing activities is recognised on accrual basis. Other revenue is recognised on accrual basis when no significant uncertainty exists as to its realisation or collection. Profit on sale of investment is recognised on trade date of transaction.

Axis Securities Limited

Brokerage received from secondary market operations is recognised on the trade date of the transaction.

Depository fees are recognised on completion of the transaction.

Portfolio Management fees are accounted on accrual basis as follows:

- In case of fees based on fixed percentage of the corpus/fixed amount, income is accrued at the end of the quarter/month.
- In case of fees, based on the returns of the portfolio, income is accounted on each anniversary as per the agreement.

4.8 Scheme expenses

Axis Asset Management Company Limited

Fund Expense

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

Upfront brokerage on close ended and fixed tenure schemes is amortised over the tenure of the respective scheme and in case of Equity Linked Saving Scheme (ELSS), upfront brokerage is amortised over 3 years. The unamortised portion of the brokerage is carried forward as prepaid expense. Any other brokerage is expensed out in the year in which they are incurred.

4.9 Fixed assets and depreciation

Group

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

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

Depreciation is provided on the straight-line method from the date of addition. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the Management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then depreciation is provided at a higher rate based on the Management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation has been provided using the following estimated useful lives:

Asset	**Estimated useful life**
Owned premises	61 years
Assets given on operating lease	20 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	16 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

All fixed assets individually costing less than ₹5,000 are fully depreciated in the year of installation.

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

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

Axis Bank Ltd.

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

4.10 Lease transactions

Axis Bank Ltd.

Assets given on operating lease are capitalised at cost. Rentals received by the Bank are recognised in the Profit and Loss Account on accrual basis.

Group

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

4.11 Retirement and other employee benefits

Provident Fund

Axis Bank Ltd.

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

Subsidiaries

Contributions to a recognised Provident Fund scheme, which is a defined contribution scheme are accounted for on an accrual basis and charged to Profit and Loss Account.

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 expats) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable.

Subsidiaries

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using Projected Unit Credit Method made at the end of each financial year.

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

Leave Encashment

Group

Short term compensated absences are provided for based on estimates. The Group provides leave encashment benefit (long term), which is a defined benefit scheme 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.

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.

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

4.12 Long Term Incentive Plan (LTIP)

Axis Asset Management Company Limited

The Company has initiated Axis AMC - Long Term Incentive plan during the financial year. The points granted to employees as per the guidelines laid down in the plan, are encashable after they are held for a specified period as per the terms of the plan. The Company accounts for the liability arising on points granted proportionately over the period from the date of grant till the end of the exercise window. The liability is assessed and provided on the basis of valuation carried out by an independent valuer.

4.13 Debit/Credit card reward points

Axis Bank Ltd.

The Bank estimates the probable redemption of debit and credit card reward points using an actuarial method at the Balance Sheet date by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

4.14 Taxation

Group

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

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

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

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

4.15 Share issue expenses

Axis Bank Ltd.

Share issue expenses are adjusted from Share Premium Account in terms of Section 78 of the Companies Act, 1956.

4.16 Earnings per share

Group

The Group reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified by the Companies (Accounting Standards) Rules, 2006. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

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

4.17 Employee stock option scheme

Axis Bank Ltd.

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase

Scheme) Guidelines, 1999. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidance Note on 'Accounting for Employee Share-based Payments' issued by the ICAI. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date is recognised as a deferred compensation cost and amortised on a straight-line basis over the vesting period of such options.

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

4.18 Provisions, contingent liabilities and contingent assets

Group

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

A disclosure of contingent liability is made when there is:

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

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

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

18 Notes forming part of the consolidated financial statements for the year ended 31 March, 2013

(Currency: In Indian Rupees)

1 a) On 17 November, 2010, the Board of Directors of the Bank had approved the acquisition of certain financial services businesses undertaken by Enam Securities Private Limited (ESPL) directly and through its wholly owned subsidiaries, by Axis Securities and Sales Limited (ASSL), a wholly owned subsidiary of the Bank by way of a demerger. However, pursuant to conditions prescribed by the Reserve Bank of India, certain modifications were carried out to the demerger structure in terms of a revised Scheme of Arrangement under Sections 391-394 and other relevant provisions of the Companies Act, 1956. Accordingly, the acquisition now comprises of (a) a demerger of the financial services businesses ("the business") from ESPL to the Bank, in consideration of which the Bank will issue shares to the shareholders of ESPL, and (b) immediately upon completion of the demerger under the Scheme, a simultaneous sale of the financial services businesses will be undertaken from the Bank to ASSL for a cash consideration, with both the aforesaid steps occurring simultaneously.

The Reserve Bank of India has on 30 March, 2012, conveyed it's no objection to the Scheme. Further, on 27 April, 2012, the Board of Directors of the Bank approved the reassessment of the valuation of the ESPL business at ₹1,396 crores and consequently, in consideration for the demerger of the financial services business of ESPL, the Bank was required to issue shares in the ratio of 5 equity shares of the Bank of the face value of ₹10 each for every 1 equity share of ₹10 each held by the shareholders of ESPL. The sale of the financial services businesses was to be simultaneously undertaken from the Bank to ASSL for a cash consideration of ₹274.15 crores only.

On 18 October, 2012, the Bank received the necessary approvals under applicable law from various regulatory authorities to the revised Scheme of Arrangement in respect of the demerger of the financial services businesses from Enam Securities Private Limited (ESPL) to the Bank and simultaneous sale of such businesses to ASSL (now known as Axis Capital Limited ("ACL")), a wholly owned subsidiary of the Bank, with effect from 1 April, 2010 and consequently, the Bank has issued 12,090,000 equity shares of the face value of ₹10 each to the shareholders of ESPL amounting to ₹12.09 crores and accounted for the net assets of ESPL of ₹274.15 crores at book value. Further, as advised by RBI, an amount of ₹262.06 crores being the difference between the value of the net assets acquired from ESPL and the shares issued has been transferred to the capital reserve.

There was a simultaneous transfer of the business by the Bank to ACL and a consideration of ₹274.15 crores was received against the transfer of the net assets of equivalent value. The appointed date under the Scheme is 1 April, 2010.

As a part of the acquisition of certain financial services businesses undertaken by Enam Securities Private Limited (ESPL) by way of a demerger, the Group acquired Axis Finance Private Limited, Enam International Limited and Enam Securities Europe Limited, certain wholly owned subsidiaries of ESPL resulting in a net increase in total assets of ₹58.46 crores as of 31 March, 2013 and net increase in profit after tax by ₹5.82 crores for the year ended 31 March, 2013.

b) During the year ended 31 March, 2013, the Bank raised additional equity capital through a Qualified Institutional Placement (QIP) of 34,000,000 shares and a preferential allotment of 5,837,945 shares at a price of ₹1,390.00 per share. As a consequence, the paid-up share capital of the Bank has increased by ₹39.84 crores and the reserves of the Bank have increased by ₹5,457.76 crores after charging of issue related expenses. The funds mobilised from the equity raising (through QIP and Preferential issue) were utilised for enhancing the capital adequacy ratio and for general corporate purposes.

c) During the year, the Bank has appropriated an amount of ₹2.61 crores to Reserve Fund account in accordance with guidelines issued by Central Bank of Sri Lanka in respect of Sri Lanka branch operations.

2 Other Disclosures

2.1.1 'Provisions and contingencies' recognised in the Profit and Loss Account includes:

(₹ in crores)

For the year ended	31 March, 2013	31 March, 2012
Provision for income tax		
- Current tax for the year	**2,740.53**	2,262.05
- Deferred tax for the year	**(349.73)**	(210.57)
	2,390.80	2,051.48
Provision for wealth tax	**0.38**	0.36
Provision for non-performing assets (including bad debts written off and write backs)	**1,179.19**	860.43
Provision for restructured assets	**103.95**	88.86
Provision towards standard assets	**196.64**	150.30
Provision for depreciation in value of investments	**(98.22)**	58.10
Provision for country risk	**(9.63)**	4.81
Provision for other contingencies	**383.97**	(19.83)
Total	**4,147.08**	3,194.51

2.1.2 During the year ended 31 March, 2013, the Bank has raised subordinated debt of ₹2,500 crores, the details of which are set out below:

Date of allotment	Period	Coupon	Amount
31 December, 2012	120 months	9.15%	₹2,500.00 crores

During the year ended 31 March, 2012, the Bank has raised subordinated debt of ₹3,425 crores, the details of which are set out below:

Date of allotment	Period	Coupon	Amount
1 December, 2011	120 months	9.73%	₹1,500.00 crores
20 March, 2012	120 months	9.30%	₹1,925.00 crores

During the year ended 31 March, 2013, the Bank redeemed subordinated debt of ₹622 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
20 June, 2012	117 months	9.30%	₹62.00 crores
25 July, 2012	84 months	8.67%	₹500.00 crores
21 December, 2012	117 months	8.95%	₹60.00 crores

During the year ended 31 March, 2012, the Bank redeemed subordinated debt of ₹5 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
26 April, 2011	93 months	6.70%	₹5.00 crores

2.1.3 The Bank has not raised any hybrid capital during the year ended 31 March, 2013 and year ended 31 March, 2012.

2.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March, 2013	31 March, 2012
Basic and Diluted earnings for the year (Net profit after tax) *(₹ in crores)*	**5,234.76**	4,219.78
Basic weighted average no. of shares *(in crores)*	**43.28**	41.21
Add: Equity shares for no consideration arising on grant of stock options under ESOP *(in crores)*	**0.30**	0.30
Diluted weighted average no. of shares *(in crores)*	**43.58**	41.51
Basic EPS (₹)	**120.95**	102.40
Diluted EPS (₹)	**120.12**	101.66
Nominal value of shares (₹)	**10.00**	10.00

Dilution of equity is on account of 2,975,646 (previous year 2,991,727) 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 13,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. The options vest in a graded manner over 3 years. The options can be exercised within 3 years from the date of the vesting. Further, over the period June, 2004 to June, 2010, pursuant to the approval of the shareholders at Annual General Meetings, the Bank approved an ESOP scheme for additional options aggregating 27,517,400. Within the overall ceiling of 40,517,400 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.

39,891,590 options have been granted under the Scheme till the previous year ended 31 March, 2012.

On 27 April, 2012, the Bank granted 2,343,500 stock options (each option representing entitlement to one equity share of the Bank) to its employees including the MD & CEO and 172,500 stock options to employees of Axis Asset Management Company Limited, a subsidiary of the Bank. These options can be exercised at a price of ₹1,086.65 per option.

Stock option activity under the Scheme for the year ended 31 March, 2013 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	11,428,248	319.00 to 1,447.55	965.90	2.79
Granted during the year	2,516,000	1,086.65	1,086.65	-
Forfeited during the year	(175,698)	319.00 to 1,447.55	1,144.00	-
Expired during the year	(80,954)	319.00 to 824.40	568.70	-
Exercised during the year	(2,822,571)	319.00 to 1,447.55	594.48	-
Outstanding at the end of the year	**10,865,025**	**468.90 to 1,447.55**	**1,090.43**	**2.69**
Exercisable at the end of the year	5,372,105	468.90 to 1,447.55	941.06	1.57

The weighted average share price in respect of options exercised during the year was ₹1,217.66.

Stock option activity under the Scheme for the year ended 31 March, 2012 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	11,122,518	232.10 to 1,245.45	712.90	2.86
Granted during the year	3,268,700	1,447.55	1,447.55	-
Forfeited during the year	(243,596)	232.10 to 1,447.55	960.75	-
Expired during the year	(61,265)	232.10 to 468.90	406.46	-
Exercised during the year	(2,658,109)	232.10 to 1,159.30	512.92	-
Outstanding at the end of the year	**11,428,248**	**319.00 to 1,447.55**	**965.90**	**2.79**
Exercisable at the end of the year	4,983,892	319.00 to 1,245.45	717.76	1.53

The weighted average share price in respect of options exercised during the year was ₹1,200.12.

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, 2013	31 March, 2012
Net Profit (as reported) (*₹ in crores*)	**5,234.76**	4,219.78
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*)	**(117.08)**	(147.16)
Net Profit (Proforma) (*₹ in crores*)	**5,117.68**	4,072.62
Earnings per share: Basic (in ₹)		
As reported	**120.95**	102.40
Proforma	**118.25**	98.83
Earnings per share: Diluted (in ₹)		
As reported	**120.12**	101.66
Proforma	**117.43**	98.11

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, 2013	31 March, 2012
Dividend yield	**1.20%**	1.23%
Expected life	**2-4 years**	2-4 years
Risk free interest rate	**8.14% to 8.33%**	8.05% to 8.10%
Volatility	**35.92% to 50.25%**	39.43% to 53.33%

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, 2013 is ₹387.24 (previous year ₹559.31).

2.1.6 Dividend paid on shares issued on exercise of stock options

The Bank may allot shares between the Balance Sheet date and record date for the declaration of dividend pursuant to the exercise of any employee stock options. These shares will be eligible for full dividend for the year ended 31 March, 2013, if approved at the ensuing Annual General Meeting. Dividend relating to these shares has not been recorded in the current year.

Appropriation to proposed dividend during the year ended 31 March, 2013 includes dividend of ₹2.02 crores (previous year ₹1.88 crores) paid pursuant to exercise of 1,086,994 employee stock options after the previous year end but before the record date for declaration of dividend for the year ended 31 March, 2012.

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 and central funding.
Retail Banking	Constitutes lending to individuals/small businesses subject to the orientation, product and granularity criterion and also includes low value individual exposures not exceeding the threshold limit of ₹5 crores as defined by RBI. Retail Banking activities also include liability products, card services, internet 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, management of public issue, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

Business segments in respect of operations of the subsidiaries (including step down subsidiaries) have been identified and reported taking into account the customer profile, the nature of product and services and the organisation structure.

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

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

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment.

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

Segmental results are set out below:

(₹ in crores)

	31 March, 2013				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	6,969.72	13,093.12	7,139.11	0.03	27,201.98
Other income	1,610.93	3,000.09	1,653.78	568.00	6,832.80
Total income as per Profit and Loss Account	**8,580.65**	**16,093.21**	**8,792.89**	**568.03**	**34,034.78**
Add/(less) inter segment interest income	33,112.64	3,371.64	9,374.05	-	45,858.33
Total segment revenue	**41,693.29**	**19,464.85**	**18,166.94**	**568.03**	**79,893.11**
Less: Interest expense (external customers)	10,389.84	298.17	6,825.38	-	17,513.39
Less: Inter segment interest expense	29,937.22	10,113.35	5,807.76	-	45,858.33
Less: Operating expenses	446.02	1,733.43	4,764.98	196.09	7,140.52
Operating profit	**920.21**	**7,319.90**	**768.82**	**371.94**	**9,380.87**
Less: Provision for non-performing assets/others	(94.48)	1,619.84	230.55	0.37	1,756.28
Segment result	**1,014.69**	**5,700.06**	**538.27**	**371.57**	**7,624.59**
Less: Provision for tax					2,390.80
Net Profit before minority interest and earnings from Associate					**5,233.79**
Less: Minority Interest					0.25
Add: Share of Profit in Associate					1.22
Extraordinary profit/loss					-
Net Profit					**5,234.76**
Segment assets	135,106.04	128,353.67	75,319.35	302.34	339,081.40
Unallocated assets					1,476.33
Total assets					**340,557.73**
Segment liabilities	126,702.45	63,506.02	116,098.32	49.97	306,356.76
Unallocated liabilities(1)					1,042.60
Total liabilities					**307,399.36**
Net assets	**8,403.59**	**64,847.65**	**(40,778.97)**	**252.37**	**33,158.37**
Capital Expenditure for the year	**20.79**	**99.48**	**291.58**	**9.37**	**421.22**
Depreciation on fixed assets for the year	**17.52**	**84.80**	**247.74**	**8.71**	**358.77**

(1) Includes minority interest of ₹12.53 crores

(₹ in crores)

	31 March, 2012				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	5,992.51	11,292.20	4,710.06	0.13	21,994.90
Other income	1,002.54	2,814.12	1,253.31	417.22	5,487.19
Total income as per Profit and Loss Account	**6,995.05**	**14,106.32**	**5,963.37**	**417.35**	**27,482.09**
Add/(less) inter segment interest income	28,992.40	3,093.62	7,274.96	0.15	39,361.13
Total segment revenue	**35,987.45**	**17,199.94**	**13,238.33**	**417.50**	**66,843.22**
Less: Interest expense (external customers)	8,747.14	214.71	5,007.33	-	13,969.18
Less: Inter segment interest expense	25,817.89	9,335.77	4,207.43	0.04	39,361.13
Less: Operating expenses	426.36	1,734.11	3,793.66	145.76	6,099.89
Operating profit	**996.06**	**5,915.35**	**229.91**	**271.70**	**7,413.02**
Less: Provision for non-performing assets/others	160.78	735.59	246.30	0.36	1,143.03
Segment result	**835.28**	**5,179.76**	**(16.39)**	**271.34**	**6,269.99**
Less: Provision for tax					2,051.48
Add: Share of Profit in Associate					1.27
Extraordinary profit/loss					-
Net Profit					**4,219.78**
Segment assets	108,080.13	117,651.99	58,282.48	232.91	284,247.51
Unallocated assets					1,169.00
Total assets					**285,416.51**
Segment liabilities	116,445.51	51,260.24	94,207.91	33.40	261,947.06
Unallocated liabilities					787.74
Total liabilities					**262,734.80**
Net assets	**(8,365.38)**	**66,391.75**	**(35,925.43)**	**199.51**	**22,681.71**
Capital Expenditure for the year	**20.30**	**97.08**	**215.00**	**7.33**	**339.71**
Depreciation on fixed assets for the year	**20.67**	**98.77**	**220.80**	**7.91**	**348.15**

Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2013	**31 March, 2012**	**31 March, 2013**	**31 March, 2012**	**31 March, 2013**	**31 March, 2012**
Revenue	**31,873.52**	25,854.07	**2,161.26**	1,628.02	**34,034.78**	27,482.09
Assets	**303,396.13**	253,105.72	**37,161.60**	32,310.79	**340,557.73**	285,416.51

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 (UTI-1)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation and four Government-owned general insurance companies - New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

b) *Key Management Personnel*

- Mrs. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. Somnath Sengupta [Executive Director & Head (Corporate Centre)] with effect from 15 October, 2012
- Mr. V. Srinivasan [Executive Director & Head (Corporate Banking)] with effect from 15 October, 2012

c) *Relatives of Key Management Personnel*

Mr. Sanjaya Sharma, Mrs. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Mrs. Chaitaly Sengupta, Ms. Renukona Sengupta, Mr. Niloy Sengupta, Mrs. Gayathri Srinivasan, Mrs. Vanjulam Varadarajan, Mr. V. Satish, Mrs. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Mr. Kuppusamy, Mrs. Komalavalli, Mrs. Ranganayagi, Mr. Srinivasa Raghavan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Narayanan, Mr. S. Ranganathan and Mr. R. Narayan.

d) *Associate*

- Bussan Auto Finance India Private Limited

  Based on RBI guidelines, details of transactions with Associates are not disclosed since there is only one entity/party in this category. [Refer Schedule 17(2)]

The details of transactions of the Bank with its related parties during the year ended 31 March, 2013 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	247.25	0.02	-	**247.27**
Dividend received	-	-	-	**-**
Interest paid	768.37	0.16	0.03	**768.56**
Interest received	0.02	0.10	-	**0.12**
Investment of the Bank	-	-	-	**-**
Investment of related party in the Bank	811.47	4.60	-	**816.07**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	1,000.00	-	-	**1,000.00**
Redemption of Subordinated Debt	90.00	-	-	**90.00**
Purchase of investments	-	-	-	**-**
Sale of investments	1,442.84	-	-	**1,442.84**
Management contracts	-	4.25	-	**4.25**
Contribution to employee benefit fund	14.58	-	-	**14.58**
Purchase of fixed assets	-	-	-	**-**
Sale of fixed assets	-	-	-	**-**
Non-funded commitments	0.06	-	-	**0.06**
Advance granted (net)	-	-	-	**-**
Advance repaid	15.51	0.14	-	**15.65**
Receiving of services	60.79	-	-	**60.79**
Rendering of services	2.07	-	-	**2.07**
Other reimbursements from related party	-	-	-	**-**
Other reimbursements to related party	-	-	-	**-**

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2013 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	9,915.42	4.23	0.51	**9,920.16**
Placement of deposits	0.16	-	-	**0.16**
Advances	28.13	2.04	-	**30.17**
Investment of the Bank	-	-	-	**-**
Investment of related party in the Bank	158.52	0.08	-	**158.60**
Non-funded commitments	3.07	-	-	**3.07**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	3,817.30	-	-	**3,817.30**
Advance for rendering of services	-	-	-	**-**
Other receivables	-	-	-	**-**
Other payables	-	-	-	**-**

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2013 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	9,915.42	9.01	3.91	**9,928.34**
Placement of deposits	0.16	-	-	**0.16**
Advances	46.54	2.16	-	**48.70**
Investment of the Bank	-	-	-	**-**
Investment of related party in the Bank	158.52	0.08	-	**158.60**
Non-funded commitments	3.07	-	-	**3.07**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	3,817.30	-	-	**3,817.30**
Other receivables	-	-	-	**-**
Other payables	-	-	-	**-**

The details of transactions of the Bank with its related parties during the year ended 31 March, 2012 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	214.22	0.06	-	**214.28**
Dividend received	-	-	-	**-**
Interest paid	540.45	0.01	0.03	**540.49**
Interest received	0.02	0.01	-	**0.03**
Investment of the Bank	-	-	-	**-**
Investment of related party in the Bank	-	1.84	-	**1.84**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	-	-	-	**-**
Redemption of Subordinated Debt	-	-	-	**-**
Purchase of investments	-	-	-	**-**
Sale of investments	244.81	-	-	**244.81**
Management contracts	-	5.51	-	**5.51**
Contribution to employee benefit fund	13.75	-	-	**13.75**
Purchase of fixed assets	-	-	-	**-**
Sale of fixed assets	-	-	-	**-**
Non-funded commitments	-	-	-	**-**
Advance granted (net)	0.64	-	-	**0.64**
Advance repaid	-	0.03	-	**0.03**
Receiving of services	51.49	-	-	**51.49**
Rendering of services	1.65	-	-	**1.65**
Other reimbursements from related party	-	-	-	**-**
Other reimbursements to related party	1.02	-	-	**1.02**

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2012 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	5,693.55	0.31	0.26	**5,694.12**
Placement of deposits	0.16	-	-	**0.16**
Advances	43.65	0.24	-	**43.89**
Investment of the Bank	-	-	-	**-**
Investment of related party in the Bank	154.44	0.02	-	**154.46**
Non-funded commitments	3.01	-	-	**3.01**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	2,837.30	-	-	**2,837.30**
Advance for rendering of services	-	-	-	**-**
Other receivables	-	-	-	**-**
Other payables	-	-	-	**-**

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2012 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	5,693.55	1.24	2.70	**5,697.49**
Placement of deposits	0.16	-	-	**0.16**
Advances	48.22	0.27	-	**48.49**
Investment of the Bank	-	-	-	**-**
Investment of related party in the Bank	155.12	0.05	-	**155.17**
Non-funded commitments	3.01	-	-	**3.01**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	2,837.30	-	-	**2,837.30**
Other receivables	-	-	-	**-**
Other payables	-	-	-	**-**

2.1.9 Leases

Disclosure in respect of assets given on operating lease

The Group has not given any asset on operating lease.

Disclosure in respect of assets taken on operating lease

Operating lease comprises leasing of office premises/ATMs, cash deposit machines, staff quarters, electronic data capturing machines and IT equipment.

(₹ in crores)

	31 March, 2013	31 March, 2012
Future lease rentals payable as at the end of the year:		
- Not later than one year	**591.44**	473.36
- Later than one year and not later than five years	**1,731.72**	1,393.03
- Later than five years	**831.28**	724.95
Total of minimum lease payments recognised in the Profit and Loss Account for the year	**613.67**	570.35

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 no undue restrictions or onerous clauses in the agreements.

2.1.10 Other Fixed Assets (including furniture & fixtures)

The movement in fixed assets capitalised as application software is given below:

(₹ in crores)

Particulars	**31 March, 2013**	31 March, 2012
At cost at the beginning of the year	**391.34**	341.11
Additions during the year	**80.78**	58.64
Deductions during the year	**(1.22)**	(8.41)
Accumulated depreciation as at 31 March	**(318.58)**	(262.11)
Closing balance as at 31 March	**152.32**	129.23
Depreciation charge for the year	**56.16**	57.32

2.1.11 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in crores)

As at	**31 March, 2013**	31 March, 2012
Deferred tax assets on account of provisions for doubtful debts	**924.57**	743.17
Deferred tax assets on account of amortization of HTM investments	**192.52**	184.09
Deferred tax assets on account of provision for employee benefits	**106.76**	82.60
Other deferred tax assets	**180.43**	40.65
Deferred tax assets	**1,404.28**	1,050.51
Deferred tax liability on account of depreciation on fixed assets	**26.19**	23.07
Deferred tax liabilities	**26.19**	23.07
Net deferred tax asset	**1,378.09**	1,027.44

2.1.12 Employee Benefits

Group

Provident Fund

The contribution to the employee's provident fund of the Group amounted to ₹86.96 crores for the year ended 31 March, 2013 (previous year ₹71.81 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 principal assumptions used by the actuary are as under:

	31 March, 2013	31 March, 2012
Discount rate for the term of the obligation	**7.90%**	8.35%
Average historic yield on the investment portfolio	**9.13%**	9.09%
Discount rate for the remaining term to maturity of the investment portfolio	**7.94%**	8.45%
Expected investment return	**9.09%**	8.99%
Guaranteed rate of return	**8.50%**	8.25%

Superannuation

The Bank contributed ₹14.58 crores to the employee's superannuation plan for the year ended 31 March, 2013 (previous year ₹14.07 crores).

Group

Leave Encashment

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Group is given below.

	As at 31 March, 2013	
	Axis Bank Ltd.	**Axis Capital Ltd.**
Privileged leave	313.92	0.10
Sick leave	22.80	-
Total actuarial liability	**336.72**	**0.10**
Assumptions		
Discount rate	7.90% p.a.	7.80% p.a.
Salary escalation rate	7.00% p.a.	6.00% p.a.

	As at 31 March, 2012		
	Axis Bank Ltd.	**Axis Capital Ltd.**	**Axis Trustee Services Ltd.**
Privileged leave	252.40	0.12	-*
Sick leave	20.26	-	-
Total actuarial liability	**272.66**	**0.12**	**-***
Assumptions			
Discount rate	8.35% p.a.	9.20% p.a.	N.A.
Salary escalation rate	6.00% p.a.	6.00% p.a.	N.A.

*amount less than ₹50,000

Group

Gratuity

The following tables summarize the components of net benefit expenses recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2013	31 March, 2012
Current Service Cost	**18.49**	12.03
Interest on Defined Benefit Obligation	**9.30**	5.56
Expected Return on Plan Assets	**(7.65)**	(4.85)
Net Actuarial Losses/(Gains) recognised in the year	**17.89**	23.91
Past Service Cost	**5.50**	(3.72)
Total included in "Employee Benefit Expense"	**43.53**	32.93
Actual Return on Plan Assets	**9.63**	5.31

Balance Sheet

Details of provision for gratuity

(₹ in crores)

	31 March, 2013	31 March, 2012
Present Value of Funded Obligations	**(147.25)**	(94.82)
Fair Value of Plan Assets	**152.17**	98.21
Net Asset/(Liability)	**4.92**	3.39
Amounts in Balance Sheet		
Liabilities	**(3.70)**	(1.12)
Assets	**8.62**	4.51
Net Asset/(Liability)	**4.92**	3.39

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2013	31 March, 2012
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**94.83**	61.42
Current Service Cost	**18.49**	12.03
Interest Cost	**9.29**	5.56
Actuarial Losses/(Gains)	**19.91**	24.39
Past Service Cost	**5.50**	(3.72)
Liabilities assumed on acquisition	**5.85**	-
Benefits Paid	**(6.62)**	(4.85)
Closing Defined Benefit Obligation	**147.25**	94.83

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2013	31 March, 2012
Opening Fair Value of Plan Assets	**98.21**	63.62
Expected Return on Plan Assets	**7.65**	4.85
Actuarial Gains/(Losses)	**2.02**	0.48
Contributions by Employer	**46.08**	34.12
Assets acquired on acquisition	**4.83**	-
Benefits Paid	**(6.62)**	(4.86)
Closing Fair Value of Plan Assets	**152.17**	98.21

Experience adjustments

(₹ in crores)

	31 March, 2013	31 March, 2012	31 March, 2011	31 March, 2010	31 March, 2009
Defined Benefit Obligations	**147.25**	94.82	61.43	43.02	36.49
Plan Assets	**152.17**	98.21	63.62	44.08	29.83
Surplus/(Deficit)	**4.92**	3.39	2.19	1.06	(6.66)
Experience Adjustments on Plan Liabilities	**4.66**	27.31	1.55	1.27	3.30
Experience Adjustments on Plan Assets	**2.07**	0.48	(0.78)	0.46	(0.73)

Axis Bank Ltd.

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2013 %	31 March, 2012 %
Government securities	**40.87**	42.81
Bonds, debentures and other fixed income instruments	**38.48**	43.85
Money market instruments	**18.45**	9.89
Equity shares	**2.20**	2.31
Others	**-**	1.14

	31 March, 2013	31 March, 2012
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**7.90% p.a.**	8.35% p.a.
Expected rate of Return on Plan Assets	**7.50% p.a.**	7.50% p.a.
Salary Escalation Rate	**7.00% p.a.**	6.00% p.a.
Employee Turnover		
- 21 to 30 (age in years)	**20.14%**	20.41%
- 31 to 44 (age in years)	**10.00%**	10.00%
- 45 to 59 (age in years)	**1.00%**	1.00%

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, 2013	31 March, 2012
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, 2013	31 March, 2012
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**7.80% p.a.**	9.20% p.a.
Expected rate of Return on Plan Assets	**7.50% p.a.**	7.50% p.a.
Salary Escalation Rate	**6.00% p.a.**	6.00% p.a.
Employee Turnover		
- 21 to 44 (age in years)	**70.00% p.a.**	60.00% p.a.
- 45 to 59 (age in years)	**1.00% p.a.**	1.00% p.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 overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The Company expects to contribute ₹0.50 crore as gratuity in the year 2013-14.

Axis Asset Management Company Ltd.

	31 March, 2013	31 March, 2012
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**7.94% p.a.**	8.18% p.a.
Expected rate of Return on Plan Assets	**N.A.**	N.A.
Salary Escalation Rate	**9.00% p.a.**	10.00% p.a.
Employee Turnover	**10.00% p.a.**	10.00% p.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.

Axis Securities Limited

	31 March, 2013
Principal actuarial assumptions at the balance sheet date:	
Discount Rate	**7.80% p.a.**
Expected rate of Return on Plan Assets	**N.A.**
Salary Escalation Rate	**6.00% p.a.**
Employee Turnover	**7.00% p.a.**

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.

2.1.13 Provisions and contingencies

a) Movement in provision for frauds included under other liabilities is set out below:

(₹ in crores)

	31 March, 2013	31 March, 2012
Opening balance at the beginning of the year	**17.35**	4.99
Additions during the year	**4.57**	12.40
Reductions on account of payments during the year	**(5.57)**	(0.02)
Reductions on account of reversals during the year	**(2.38)**	(0.02)
Closing balance at the end of the year	**13.97**	17.35

b) Other liabilities include provision for debit/credit card reward points, the movement of which is set out below:

(₹ in crores)

	31 March, 2013	31 March, 2012
Opening provision at the beginning of the year	**43.28**	25.01
Provision made during the year	**28.03**	20.28
Reductions during the year	**(3.42)**	(2.01)
Closing provision at the end of the year	**67.89**	43.28

c) Movement in provision for other contingencies is set out below:

(₹ in crores)

	31 March, 2013	31 March, 2012
Opening provision at the beginning of the year	**0.81**	36.44
Provision made during the year	**561.55**	0.38
Reductions during the year	**(180.57)**	(36.01)
Closing provision at the end of the year	**381.79**	0.81

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 and other statutory authorities and disputed by the Group.

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate/currency futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which the Group is contingently liable

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account and commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end.

2.1.15 Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies.

In terms of General Circular No. 2/2011 of the Ministry of Corporate Affairs, Government of India dated 8 February, 2011.

(₹ in crores)

For the year ended 31 March, 2013									
	Axis Capital Ltd.	**Axis Private Equity Ltd.**	**Axis Trustee Services Ltd.**	**Axis Mutual Fund Trustee Ltd.**	**Axis Asset Management Company Ltd.**	**Axis U.K. Ltd.@**	**Axis Finance Private Ltd. (formerly Enam Finance Pvt. Ltd.)**	**Axis Securities Ltd.^**	**Enam Securites Europe Ltd.^@**
Capital	145.00	15.00	1.50	0.05	174.00	-*	5.75	23.00	8.22
Reserves and Surplus	89.31	5.30	27.87	0.08	(123.98)	-	124.78	(0.23)	7.30
Total Assets (Fixed Assets + Investments + Other Assets)	600.27	20.63	39.69	0.15	103.76	17.48	130.82	46.71	15.60
Total Liabilities (Borrowings + Other Liabilities + Provisions)	365.96	0.33	10.32	0.02	53.74	17.48	0.29	23.94	0.08
Investments	49.85	-*	-	0.11	22.12	-	-	-	-
Total Income	393.69	9.77	24.15	0.14	60.25	-	16.27	13.38	-
Profit/(Loss) Before Taxation	162.79#	1.87	18.34	-*	(6.34)	-	15.46	(2.40)	(0.08)
Provision for Taxation	6.07	0.36	5.90	-*	-	-	5.21	-*	0.01
Profit/(Loss) After Taxation	156.72	1.51	12.44	-*	(6.34)	-	10.25	(2.40)	(0.07)
Proposed Dividend and Tax (including cess thereon)	-	-	2.19	-	-	-	-	-	-

@ Amount in INR equivalent of GBP (£1 = ₹82.2275 as on 31 March, 2013)

^ Axis Securities Ltd. and Enam Securities Europe Ltd. are wholly owned subsidiaries of Axis Capital Ltd. (a wholly owned subsidiary of Axis Bank Ltd.)

* amount less than ₹50,000

includes ₹130.23 crores of profit of business acquired under demerger from appointed date i.e. 1 April, 2010 to 31 March, 2012

2.1.16 Comparative Figures

Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

For Axis Bank Ltd.

Sanjiv Misra
Chairman

K. N. Prithviraj Director | **V. R. Kaundinya** Director | **S. B. Mathur** Director | **Samir K. Barua** Director | **Shikha Sharma** Managing Director & CEO

Somnath Sengupta
Executive Director
& Head (Corporate Centre)

V. Srinivasan
Executive Director
& Head (Corporate Banking)

P. J. Oza
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 24th April, 2013
Place: Mumbai

BUSINESS RESPONSIBILITY REPORT

Section A

General Information

Axis Bank (henceforth referred to as "the Bank") is a private sector bank which, as on 31st March 2013, has 1,947 domestic branches including extension counters and 11,245 ATMs spread across the country. The Bank also has branches in Singapore, Hong Kong, DIFC (Dubai International Financial Centre) and Colombo, as well as representative offices in Shanghai, Dubai and Abu Dhabi. The Bank has six subsidiaries in India in the financial services sector and one subsidiary in the United Kingdom - Axis U.K. Limited, which as on 31st March 2013 had not yet commenced operations.

The three major product and service categories offered by the Bank are:

a. Deposits

b. Loans

c. Investments and foreign exchange

Corporate Identity Number	L65110GJ1993PLC020769
Name of the Company	Axis Bank Limited
Registered Office	"TRISHUL", Third Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006
Website	www.axisbank.com
E-mail id	brr@axisbank.com
Financial Year reported	2012-13
Sector	National Industrial Classification 2008 Section K : Financial and Insurance Activities Code : 64191

Section B

Financial Information

The Bank has a balance sheet size of ₹340,560.66 crores, and paid-up capital of ₹467.95 crores as on 31st March 2013. The Bank earned a total income of ₹33,733.68 crores for the financial year 2012-13 and the profit after tax for the year was ₹5,179.43 crores.

The Corporate Social Responsibility (CSR) initiatives of the Bank are channeled through Axis Bank Foundation (ABF), a Trust which gives strategic direction to the philanthropic activities of the Bank. ABF participates in various socially relevant endeavors in the fields of education, sustainable livelihoods, public health and medical relief with focus on the underprivileged sections of society. The Bank contributes upto one per cent of its net profit after tax annually to the Foundation for its CSR initiatives, and the amount contributed for the year 2012-13 is ₹42.42 crores.

Details of the initiatives that the Bank has undertaken are detailed in Section E of this report, under "Principle 8 – Impact on Social and Economic Development".

Section C

Subsidiaries & Other Entities

The Bank has six subsidiaries in India and one in the UK, which have been set up to look after various banking-related ancillary functions such as retail asset sales, retail broking, managing equity investments, providing venture capital support to businesses, trusteeship activities and the mutual fund business. These subsidiaries are relatively small at present and their involvement in the Bank's BR initiatives has, therefore, been proportional to their size.

Section D

Business Responsibility

Governance

Director responsible for implementation of the BR policy

DIN Number	02150691
Name	Shri Somnath Sengupta
Designation	Executive Director & Head (Corporate Centre)

Business Responsibility Head	
DIN Number	N.A.
Name	Shri C. Babu Joseph
Designation	ET & CEO (Axis Bank Foundation)
Telephone number	91-22-2425 2201
e-mail id	brr@axisbank.com

The Sustainability Committee will meet at least half-yearly to evaluate the Bank's sustainability and CSR policies, programs and performance.

Scope of the BR Report

The report primarily covers the activities of the Bank during financial year 2012-13, as well as any initiatives that commenced earlier but have led to outcomes during 2012-13.

This is the first Business Responsibility Report of the Bank and will be published, henceforth, on an annual basis. The report forms part of Annual Report of the Bank for the financial year 2012-13 which is available at www.axisbank.com under the Section Shareholders' Corner.

Principle-wise Policies

Sr. No.	Questions	Remarks
1	Does the Bank have policy/policies for principles laid down in National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business?	The Bank has drawn up a Sustainable Development and Corporate Social Responsibility Policy based on the principles of National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business.
2	Has the policy been formulated in consultation with the relevant stakeholders?	The Policy has been framed taking into account the expectations of diverse stakeholders, recognizing the needs of society and the environment.
3	Does the policy conform to any national/international standards?	The Bank's Sustainable Development and CSR Policy is based upon the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business issued by the Ministry of Corporate Affairs, Government of India in July 2011.
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	The Sustainable Development and CSR Policy has been approved by the Board and signed by the MD & CEO.
5	Does the Bank have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	The Bank has a Sustainable Development and CSR Committee to oversee the implementation of the Policy.

Sr. No.	Questions	Remarks
6	Link for the policy to be viewed	www.axisbank.com
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The Bank's Sustainable Development and CSR Policy is made available to all internal and external stakeholders through the Bank's official website : www.axisbank.com
8	Does the Bank have in-house structure to implement the policy/policies?	The Bank has constituted a Sustainable Development and CSR Committee comprising senior officials of the Bank to monitor the implementation of the Policy and provide guidance for fulfillment of the Bank's social responsibility. The Committee is headed by the Executive Director & Head (Corporate Centre.)
9	Does the Bank have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Grievances are to be brought to the notice of the Business Responsibility Head as mentioned in Section D - Governance.
10	Has the Bank carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Bank has recently formulated a Sustainable Development and CSR Policy. The effectiveness of the Policy will be evaluated in future.

Section E

Principle-wise Performance

Principle 1 - Governance

It has been the endeavor of the Bank to attain corporate governance standards of the highest level. A major part of the recommendations contained in the Corporate Governance Voluntary Guidelines (2009) issued by the Ministry of Corporate Affairs have been adopted by the Bank and we are presently evaluating the process and means of implementing any residual recommendation of the Guidelines.

The Bank has put in place various Codes of Conduct such as Fair Practices Code, Code of Commitment to its Customers, Code of Right Selling for Liability & Investment Products, Code of Banks' Commitment to Micro and Small Enterprises and Code of Conduct for Direct Selling.

The Employees' Code of Conduct of the Bank lays down expected behaviour from employees of the Bank (including those on deputation to subsidiaries and other organisations) and covers the aspects of ethics, bribery and corruption. The Code guides employees to discharge their duties with integrity, honesty, devotion and diligence and to not act in a manner unbecoming of an employee of the Bank, or in a manner that is likely to tarnish the image of the Bank. Subsidiary companies have also adopted the Code of Conduct of the Bank for their employees.

The Bank has put in place grievance redressal mechanisms to ensure that customer and employee concerns are addressed promptly and fairly. The Bank has also put in place a policy and framework to enable responsible and secure whistle blowing, intended to encourage employees to report suspected or actual occurrence of illegal, unethical or inappropriate action, behaviour or practices by staff without fear of retribution or reprisal.

Principle 2 – Sustainability of Products and Services

The Bank has recently adopted an "Environment & Social Safeguard Policy" (ESSP), for carrying out environmental and social due diligence, formulated in compliance with the International Finance Corporation (IFC) Performance Standards. The Bank, by developing and offering financial products and services that, directly or indirectly, lead to long-term environmental benefit and social development, is committed to providing banking services to a wider section of population.

Social Commitment

The Bank offers products and services that serve the under-privileged and vulnerable groups, a few of which are listed below:

- Electronic Benefit Transfer (EBT)

  The Bank facilitates the disbursement of Government grants (wages/pension) directly to beneficiaries in unbanked areas, by opening accounts for beneficiaries and providing Smart Cards to them. This facilitates assimilation of the section of population in unbanked and under banked areas into the formal banking system.

- Remittances

  The Bank uses a Banking Correspondent model to facilitate fund transfers by migrant workers in urban areas to their dependents in their native villages/towns. This is carried out either the same day or the next working day at a nominal cost.

- Micro Loans and Insurance

  The Bank has recently started disbursing micro loans at the village level in unbanked and under banked areas, with the first such project in the state of Tamil Nadu, covering more than 100 villages. The objective is to encourage sustainable economic activity leading to generation of income. The following types of loans are covered under the project.

  a. Joint Liability Group: A group of 5 borrowers is formed and the loan is extended to the individual members. The liability of repayment is jointly shared by the group members.

  b. Micro Enterprise Loans: Loans are granted to individual borrowers engaged in retailing (shopkeepers, hawkers etc.).

  c. Micro Cattle Term Loan: These loans are granted for the purchase of cattle.

- Micro Insurance

  The project to provide affordable insurance has been implemented in the migrant-intensive urban pockets of Delhi, Chennai and Bengaluru. Two types of insurance are extended by the Bank.

  a. Group Term Life Insurance

  b. Accidental Insurance

  The project provides insurance coverage to the disadvantaged and low-income group of people such as labourers and artisans at low premium.

Environmental Commitment

The ESSP sets guardrails for environmental and social considerations while appraising and financing projects which may help prevent or mitigate any adverse impact/risk to the environment or people. Disbursement to a project is made only after ensuring it has MoEF (Ministry of Environment and Forests)/environmental approvals for the commencement of work. The Bank has negotiated a Line of Credit of USD 70 million from IFC to facilitate the funding of projects in renewable energy, clean technology and other energy-efficiency projects.

A snapshot of the funding for implementation of renewable energy projects as on 31st March 2013 is as under:

	Power Generation Capacity (MW)	Outstanding (₹ crores)
Wind Power	476	998
Solar Power	275	412
Biomass	73	228
Mini-Hydel	84	100
Total	**908**	**1,738**

The Bank has extended corporate banking/credit related services to private companies towards funding or part-funding of projects for setting up units for solid waste management through processing, conversion and disposal. It is ensured that in the Bank's Corporate Office itself waste and sewage generated by the Bank is handled in an environment-friendly manner.

Local Procurement

The Bank aims at local procurement, supporting a supply chain that contributes to the economic development of the communities in which it operates, encouraging procurement from small and medium size enterprises (SMEs).

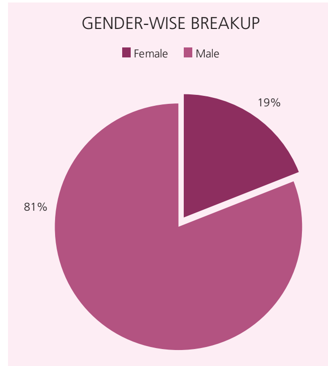
Principle 3 – Employee Well-being

Employee demographics

The total manpower of the Bank as on 31st March 2013 was 37,901.

Employee Category	Number
Permanent employees	37,901
Temporary/contract/casual workforce	-

Employee Category	Number
Female employees	7,117
Disabled employees	108



Employee Welfare

The employees of the Bank are its most important asset and the organization ensures that it meets its moral, legal, ethical and humanitarian responsibilities towards them.

Axis Bank group (the Bank and its subsidiaries) does not employ any person below the age of 18 (eighteen) years at the workplace. No employee of the Bank is made to work against his/her will, or is subject to corporal punishment or to coercion of any type related to work.

The Bank is an equal opportunity employer and is committed to hiring, developing and promoting individuals who best meet the requirements of available positions, possess the required competencies, experience and qualifications to carry out the assigned tasks and have the potential for growth within the organization.

Complaints Regarding Labour Practices

The Bank conducts a number of employee engagement initiatives aimed at promoting employee well-being. It focuses on effective employee communication, encouraging and facilitating resolution of complaints and grievances, and fostering bonding between employees and their families. Medical facilities are available at the Corporate Office to ensure that any health concerns are adequately addressed.

The Bank takes all necessary measures to ensure a harassment-free workplace and has instituted a Complaints Redressal Committee for redressal of complaints and to prevent sexual harassment.

Employee Associations

While the Bank respects the right of 'Freedom of Association' and collective bargaining, there is at present no employees' union. The Bank ensures that employee grievances are received and addressed through various means such as the Whistle blower Policy and HResponse (a help desk for employee complaints to HR).

Employee Training Programs

Talent Management, Learning and Development and Employee Engagement have been key focus areas for the Bank. With an eye towards developing and providing trained manpower through a cost-effective and time-efficient process, the Bank has created alternate talent pipelines by entering into arrangements with Training and Education Institutes. The Bank has also built up learning infrastructure to ensure availability of skilled and empowered workforce.

Learning at Axis

The Learning and Development Team at the Bank is geared towards facilitating the learning process across all levels through a blended learning approach of classroom programs, external programs, certification programs and e-learning modules.

The following table indicates the number of employees who have undergone skill upgradation training in the past year.

	Skill upgradation
Permanent male employees	19,349
Permanent female employees	4,683

The Bank conducts regular training for safety and security measures like emergency evacuation drills, fire / life safety training, first-aid training at Corporate Office/other locations. Sessions are also arranged at the branch level through security service providers.

Leadership Development

As part of the leadership development initiative, the Bank has partnered with best-in-class leadership trainers of the country to coach key position holders and unit heads in the Bank on fundamentals of managing self and team leadership through a series of 'Inspired Leadership' workshops.

Young Talent Development

Axis Ahead, the Management Trainee program, has been in operation from 2001 and is designed to provide training across departments and locations for a holistic learning experience to the young managers who join the Bank every year from premier B-schools across India. The learning is "experiential" in nature and is not limited to job-related skills and competencies alone.

Principle 4 – Responsiveness towards our Stakeholders

With a wide geographical reach and large range of financial products and services, the Bank engages with numerous stakeholders, including shareholders and investors, customers, employees, suppliers, local communities, regulatory entities, government and policy makers. The engagement with multiple stakeholders occurs on an ongoing basis through formal and informal channels. The Bank has also recently launched an online platform called ProgressTogether.in to leverage the power and reach of social media to build a seamless connect and engagement experience with various stakeholders.

Employee Engagement

The Bank has been conducting its annual Employee Engagement Study for several years, which seeks to capture and analyze employee concerns and draw up action plans to address them. The Bank uses a third-party framework, globally regarded as one of the best, for administering and analyzing the results of the study, with a focus on measuring and improving Employee Engagement Quotient.

Apart from these steps, the Bank undertakes other employee engagement initiatives such as conducting Intra-bank events and celebrating festivals and special days.

Engagement with marginal groups

The Bank understands that some stakeholder groups may be considered marginal because of their relatively lower numbers, power, affluence, etc. The Bank has put in place methods and mechanisms to cater to such groups within its capacity as a financial services provider.

Reaching out to Micro, Small and Medium Enterprises

The Bank is engaged in reaching out to Micro, Small and Medium Enterprises (MSME), which are recognized as playing an important role in the economic activity of the country. Apart from specialized financial products and services offered to this segment, the Bank has instituted the **"Business Gaurav Awards"** (in partnership with Dun & Bradstreet Information Services India Pvt. Ltd.) to recognize top performing MSMEs. The top performing business entity in each category across 14 sectors is recognized and awarded.

The Bank is committed towards increased lending to priority sectors and towards this end, the Bank has designed simplified products for faster credit delivery at concessional pricing.

Principle 5 – Rights of stakeholders

The Bank's commitment to its stakeholders is manifested through its Sustainable Development and Corporate Social Responsibility Policy and bears the responsibility of behaving as a conscientious corporate citizen across all geographies and demographic categories.

Customers

The Bank has high standards for its conduct of business, in order to ensure that interactions with all customers are based on ethics and integrity. The values of the Bank and its Code of Conduct guide business operations and customer relationships.

Supply Chain and Network

The Bank is dependent on numerous partners and suppliers, who help the Bank compete more effectively in the marketplace. The Bank and its subsidiaries are expected to manage their businesses with high ethical standards and respect for human rights.

Communities

The Bank is mindful of the people and environment that may potentially be affected by its business and aims to be a positive influence in communities.

Principle 6 – Caring for the Environment

The banking sector has a lower environmental impact than many other sectors of the economy. Nevertheless, there is wholesome and sincere effort by the Bank to ensure that its operational, procurement and consumption practices are environment-friendly to the extent possible.

Axis House

At its Corporate Office located in Mumbai, the Bank has made a significant endeavor in contributing to a cleaner environment, with Axis House being designed and constructed as a Platinum LEED-Certified "green building".

Listed below are some of the practices followed at Axis House that lead to a considerably lower impact on the environment.

- Renewable energy is generated through solar power plant
- Renewable energy is used to power emergency lights
- Use of natural light is maximised
- All light fixtures are energy star-rated
- Motion sensors are installed throughout the building
- Sewage treatment plant has been installed for re-using waste water
- Urinal and wash basin sensors installed
- Rainwater harvesting system has been installed
- Provision of quality indoor air for safety and comfort
- Dry waste is recycled
- Greenguard compliance certification obtained for furniture/fixtures & chairs.
- Toxicity levels of carpets, furniture, chairs, paint and adhesives are low, contributing towards a safe and healthy environment for all occupants
- Chairs and other office furniture are made of components with a high percentage of recycled materials

Green Banking

Over the past two years, the Bank has embedded in its culture, the practices of Green Banking, as part of the endeavor to carry out its part to protect the environment. In doing so, it has successfully brought the entire Axis Bank family together.

AXIS BANK
GREENBANKING
REDUCE | REUSE | RECYCLE

A few of the initiatives that have been taken under this program are outlined below.

- Car-pooling initiative has been introduced to reduce carbon footprint
- The Bank encourages customers to subscribe to the use of e-statements and other electronic formats in its communication[1], significantly reducing paper consumption
- Annual reports are being sent through e-mail: in the previous year, 61% of all shareholders received their annual reports via e-mail
- Dry waste is collected at Axis House for recycling and manufacture of bio-degradable and eco-friendly bags and notepads
- We have moved to e-greetings instead of the normal paper greetings sent earlier

The Bank's employees are trained and encouraged to follow the principles of Reduce, Reuse and Recycle in all decisions regarding consumption and which may lead to waste generation. The measures that arise out of these principles pay rich dividends by ensuring that a healthier environment is left for coming generations. The Bank has ensured that the emissions and wastes generated from its operations have always remained well within the limits specified by various local and national laws. The Bank has received no notices from any of the relevant Pollution Control Boards in this regard.

The Bank's environmental commitment in the lending function has also been outlined in Principle 2.

Solar ATMs

The Bank has recently initiated solar-based UPS for ten ATMs under its Independent ATM Deployment (IAD) model. These ATMs are deployed by Independent ATM Deployers in Coimbatore circle. The ATM uptime and overall performance of these ATMs is being analyzed for performance.

Principle 7 – Policy Advocacy

Policy advocacy is any effort to influence public policy by providing information, speaking to decision makers, demonstrating benefits for policy change and other such activities that encourage the adoption of the desired policy change. Policy advocacy for the Bank is not just about lobbying with government agencies to secure certain benefits - it is also about taking results and best practices and sharing them with the industry and larger society.

The Bank is a member of various associations, among which are:

- Indian Banks Association (IBA)
- Fixed Income Money Market and Derivatives Association (FIMMDA)
- Foreign Exchange Dealers Association of India (FEDAI)
- Association of Investment Bankers of India (AIBI)
- Confederation of Indian Industry (CII)
- Associated Chambers of Commerce & Industry of India (ASSOCHAM)

The Bank has been utilizing the collective platforms of such associations/bodies to undertake policy advocacy.

[1] Account and credit card statements, welcome letters, Demat statements, loan payment schedules, password generation, duplicate password and pin generation process, etc.

Principle 8 – Impact on Social and Economic Development

Social initiatives

The Bank carries out its Corporate Social Responsibility (CSR) initiatives under the aegis of the Axis Bank Foundation (ABF), which was set up in 2006 as a Public Trust. The Bank has been annually contributing upto 1% of its profits after tax to the Foundation.

As of 31st March 2013, ABF has supported 96 NGOs and amounts disbursed under various programs aggregate to ₹81.97 crores.

The Bank's employees are also encouraged to actively participate in the various initiatives and projects undertaken by ABF.

Axis Bank Foundation

During the initial five years, the Foundation's work was primarily focused on education. ABF partnered with sixty NGOs to provide equitable education to various underprivileged individuals across the country. ABF also supported public health and highway trauma care with three NGOs.

In 2011, ABF ventured into providing sustainable livelihoods to the disadvantaged. ABF partnered with seventeen NGOs across the country, with an ambitious target of providing one million sustainable livelihoods by 2017.

Today ABF makes a significant difference in the lives of people across 163 districts in 19 states through 40 different Livelihood and Education programs.

Our programs

Education

- Balwadis
- Training the Trainers
- Supplementary Education
- Vocational Training
- Pure Education

Sustainable Livelihoods

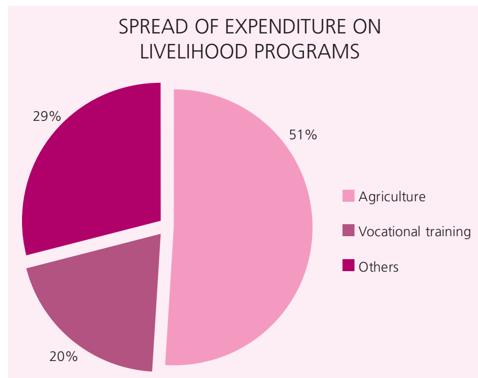
- Agricultural and Extension Services
- Skill development
- Cooperatives
- Artisanal crafts
- Other programs

Public Health and Medical Relief

- Highway Trauma Care
- Rural Medical Relief

Livelihood Programs:

Providing sustainable livelihoods is a means to alleviate poverty and bring about positive changes in the socio-economic conditions of a community and of the country. Keeping in mind the need to address issues in regard to employment and employability, ABF focuses on developing and facilitating sustainable livelihoods.



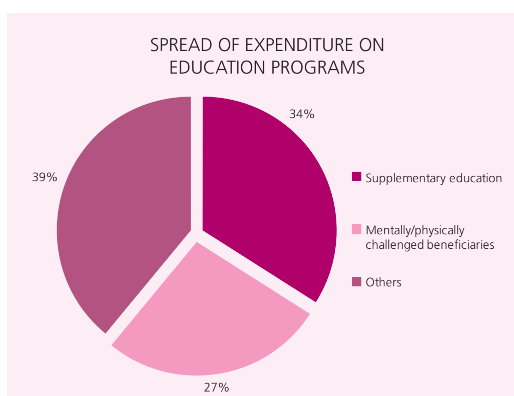
No. of programs	17
Number of States covered	17
Number of Districts covered	136
Target beneficiaries (upto 2017)	~6,23,000

Indicative Project

Project Name	Kherwadi Social Welfare Association
Region	West
Coverage	Maharashtra & Vidarbha
Purpose	Axis Bank Foundation in association with Kherwadi Social Welfare Association (KSWA) provides vocational training under various trades to the unmotivated school drop-outs and underprivileged youth under their "Yuva Parivartan (YP)" initiative.
	The target is to reach out to youths through 68 vocational training centres.
Target Beneficiaries	68,846
Commitment	~₹25 crores

Education Programs:

The Bank believes that education is the key to alleviating poverty, and works with NGOs for children, making efforts to reach out to as many people as possible in the education space. It also aims to help create capabilities in terms of skills and employment opportunities for disadvantaged/differently-abled people.



No. of programs	23
Number of States covered	13
Number of Districts covered	33
No. of beneficiaries	~60,000

Indicative Project

Name of Organization	Eklavya Foundation
Region	West
Coverage	5 blocks of Madhya Pradesh
	(Shahpur, Hoshangabad, Pipariya, Harda, Dewas)
Purpose	Supporting the supplementary education of students in Classes 1 to 5 through 150 Shiksha Protsahan Kendras (SPKs) in 5 blocks of Madhya Pradesh.
	Besides the SPKs, Eklavya will work with 27 formal schools by using the Eklavya pedagogy thereby strengthening their performance and also work towards building partnerships with other NGOs to replicate the Eklavya model.
Target Beneficiaries	5,566
Commitment	~ ₹1 crore

Public Health and Medical Relief

The highway trauma care initiative of ABF has assisted ~11,000 major accident victims and ~7,000 minor accident victims till 31st March 2013. The program has a tie up with 289 ambulances, 139 hospitals and 85 police stations. The program covers ~4,200 kms across Rajasthan, Maharashtra, Kerala and Gujarat.

Indicative Project

Name of Organization	Lifeline Foundation
Region	West, North, South
Coverage	Maharashtra, Rajasthan (Jaipur), Kerala (Cochin) and Gujarat
Purpose	Supporting the operation of Lifeline's Highway Rescue Project
Commitment	~₹0.85 crores

Employee Participation

Besides supporting the philanthropic initiatives of ABF, the Bank also encourages employees to participate and become socially responsible citizens. ABF has an Officer Engagement Program, which includes a Payroll Program - "Axis Cares" and officers are also encouraged to get involved in various volunteering activities.

In addition to these, ABF also organizes events like blood donation drives, clothes, books and toys collections, exhibitions of NGOs, talks by senior executives of the NGO partners, Talking Book Library etc. in order to involve Bank employees across the country, who are encouraged to actively participate.

- Events are conducted across Corporate Office, circles and branches. Some events are driven by ABF centrally and others are decentralized at circle/branch level. Regular suggestions/inputs are given to Circle Heads/Branch Heads to carry out CSR activities in their geographical area.
- Branches provide support to programs that are conducted by ABF in their vicinity.
- Branches are encouraged to interact with our NGO partners and explore opportunities for volunteering in the program.

Events	Particulars
Axis Cares (Payroll program of ABF)	ABF has a donor base of more than 7,500 individuals with a monthly collection of ₹14.63 lacs
Green Banking initiatives	ABF recycles dry waste into note pads, note books and envelopes which are used at our Corporate Office and other branch offices. Till date, more than 100,000 kgs of dry waste has been recycled from the Corporate Office and 34 branch offices. This dry waste has been converted into about 12,000 eco-friendly note pads, note books and envelopes which are used at Corporate Office and branches of the Bank.
NGO Exhibitions	56 exhibitions were held with sale of ₹13.27 lacs to support NGO products.

Events	Particulars
Volunteering Programs - Gift of Life (Blood Donation)	27 blood donation drives have been conducted with ~2,000 units of collection. Regular health talks are held to create awareness.
Basket of Hope (Collection Drives)	Clothes, books and toys are collected during these drives at Axis House and various branches. These are donated to NGOs like Goonj and other deserving organizations. This year, 18 such drives have been conducted and more than 10,000 kgs of goods were collected and donated.
Talking Book Library	ABF volunteers record educational material (ICSE syllabus) for visually challenged students.
Other Activities, Events and Inspirational Hours	16 events have been conducted in the form of NGO interactions, visits, events, children parties. 10 talks were delivered by senior personnel from NGOs, creating awareness on the NGO's profile and work that they do.

Principle 9 – Customer Focus

The Bank considers customer-centricity as the key pillar and guiding principle for delivering a differentiated and unique banking experience for its customers.

Customer-centricity is one of the core values adopted and practiced by each of the Bank's employees as part of the corporate vision of being the preferred financial services provider. As part of a continuing dialogue with its customers, the Bank has undertaken various customer engagement initiatives such as customer satisfaction surveys, 'Let's Talk' programs etc.

Customer Communication and Appropriate Product Disclosures

The Bank follows the requirements of various codes in this regard:

Code of Commitment to Customers	A voluntary code which sets minimum standards of banking practices which have to be followed while dealing with individual customers.
Code of Right Selling	In order to ensure selling of a customized financial product to a client based on his profile and need. The objective is to ensure that there is complete transparency in all dealings with customers.
Fair Practices Code	The code deals with aspects such as providing comprehensive information including information about fees and charges if any payable for processing and amount of such fees refundable in case of non-acceptance of application, prepayment options and other matter which affects the interest of the borrowers of all categories of loans, irrespective of the amount of loan sought by them.

Consumer Education:

The Bank conducts Van Campaigns across rural markets to enhance financial inclusion and education, and a special education series called *KrishiPragatishaala* for farmers, which provides them a platform to interact with agricultural experts and undergo lessons in enhancing productivity.

Regional Communication:

In a multi-lingual country like India, the Bank believes that it is important to reach out to people in a language they are most comfortable with. Towards this end, we have mandated the usage of regional language in all our communication across our offices and branches in the country. The Bank's existing Liabilities Contact Centre offers services in 11 languages, amongst the highest in the industry.

Customer Complaints

Pending Complaints As on 31.3.2012	Complaints received during 2012-13	Complaints redressed during 2012-13	Pending Complaints As on 31.3.2013
2,188	197,733	198,164	1,757

These complaints refer to various aspects of the Bank's operations and include among other issues – systems, processes and technology, delay/deficiency in service and charges levied by the Bank.

There have been no cases filed relating to unfair trade practices, irresponsible advertising and/or anti-competitive behavior in the past five years.

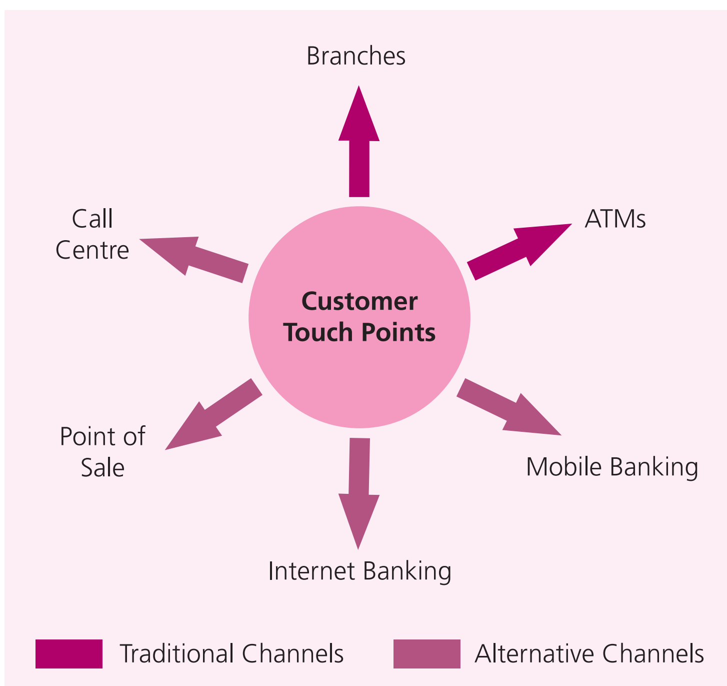
Customer Satisfaction Studies

The Bank uses different methods to gauge and understand customer satisfaction levels. A specially constituted Standing Committee of Customer Service with representatives from various functions of the Bank spearheads targeted customer engagement activities.

The Customer Transaction Survey is an ongoing survey that is conducted with a sampling of customers to understand their experience with different aspects of the Bank. These interviews help the Bank have a pulse of its customers and ensure ongoing customer satisfaction.

The Bank also carries out at a larger scale, an annual process called the Annual Customer Satisfaction Survey. This is carried out by a third party agency and uses online surveys and face-to-face interviews to solicit feedback from the customers across product ranges and vintage about their experience with different aspects of banking with Axis Bank. Through the Transaction and the Annual surveys, the Bank reaches out to close to 55,000 customers.

In addition to these structured survey mechanisms, the Bank also has built a platform called **Let's Talk** where it invites customers to its branches and discusses areas of improvements based on their experience with the Bank. This is a monthly exercise across all the Bank's branches in the country and the results are fed back to the Customer Service Committee.



The outcome of these surveys are taken to be key inputs for the Bank's Customer Service Committee, helping it understand areas where it can bring about structural, organizational or process improvement and, therefore, help achieve its objective of being a truly customer-centric Bank.

DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (BASEL II GUIDELINES) FOR THE YEAR ENDED 31st MARCH, 2013

I. SCOPE OF APPLICATION

Axis Bank Limited (the 'Bank') is a commercial bank, which was incorporated on the 3rd December 1993. The Bank is the controlling entity for all group entities.

The consolidated financial statements of the Bank comprise the financial statements of Axis Bank Limited and its subsidiaries (including step-down subsidiaries) that together constitute the 'Group'. The Bank consolidates its subsidiaries in accordance with Accounting Standard 21 (AS-21) 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. While computing the Bank's Capital to Risk-weighted Assets Ratio (CRAR), the Bank's investment in the equity capital of the wholly-owned subsidiaries is deducted, 50% from Tier-1 Capital and 50% from Tier-2 Capital. The table below lists Axis Bank's Subsidiaries (including step-down Subsidiaries)/Associates/Joint ventures consolidated for accounting and their treatment for capital adequacy purpose.

Sr. No.	Name of the entity	Nature of Business	Holding	Basis of Consolidation
1.	Axis Capital Ltd. (Erstwhile Axis Securities and Sales Ltd.)	Investment banking, institutional broking, retail broking and marketing of retail asset products, credit cards and other products of the Bank	100%	Fully consolidated
2.	Axis Private Equity Ltd.	Managing investments, venture capital funds and off-shore funds	100%	Fully consolidated
3.	Axis Trustee Services Ltd.	Trusteeship services	100%	Fully consolidated
4.	Axis Asset Management Company Ltd.	Asset management for Axis Mutual Fund	75%	Fully consolidated
5.	Axis Mutual Fund Trustee Ltd.	Trustee company for Axis Mutual Fund	75%	Fully consolidated
6.	Axis Finance Pvt. Ltd. (Erstwhile Enam Finance Pvt. Ltd.)	Non-banking finance company	100%	Fully consolidated
7.	Axis U.K. Ltd. (1)	Banking company	100%	Fully consolidated
8.	Axis Securities Ltd. (2)	Retail broking	-	Fully consolidated
9.	Enam Securities Europe Ltd.(2)	To advise and arranging deals in investments	-	Fully consolidated
10.	Bussan Auto Finance India Pvt. Ltd.(3)	Non-banking finance company	26%	Treated as an associate
11.	Enam International Ltd (2) (4)	Arranging credit or deals in investments and advising on financial products	-	Not consolidated

1 Axis U.K. Ltd. had filed an application with the Financial Services Authority (FSA), UK for a banking license and to create the necessary infrastructure for banking business. Till the 31st March 2013, pending receipt of the approval, it did not commence operations. Approval has been received from the FSA on the 19th April, 2013 to commence banking operations and subsequently, the name of the Company has been changed to Axis Bank UK Ltd.

2 Step-down subsidiary. 100% of its share capital is owned by Axis Capital Ltd., a wholly owned subsidiary of the Bank.

3 The investment in Bussan Auto Finance India Private Ltd. is not deducted from the capital funds of the Bank but is assigned risk-weights as an investment.

4 The company has given notice of its voluntary dissolution with effect from 17th January 2013. Therefore, its financial results are not consolidated.

There is no deficiency in capital of any of the subsidiaries of the Bank as on 31st March 2013. The Bank actively monitors all its subsidiaries through their respective Boards and provides regular updates to its Board of Directors.

As on 31st March 2013, the Bank has an investment of ₹57.45 crores in Max Life Insurance Company Limited which is not deducted from the capital funds of the Bank, but is assigned risk weights as an investment for the purpose of Basel II, the details of which are given below:

Country of Incorporation : India
Ownership Interest : less than 3%

The quantitative impact on regulatory capital of using risk weighted investments method versus using the deduction method at 31st March 2013 is set out in the following table.

(₹ in crores)

Method	**Quantitative impact**
Deduction method	57.45
Capital @ 9% of risk weighted assets	10.09

II. CAPITAL STRUCTURE

Summary

As per RBI's capital adequacy norms capital funds are classified into Tier-1 and Tier-2 capital. Tier-1 capital of the Bank consists of equity capital, statutory reserves, other disclosed free reserves, capital reserves and innovative perpetual debt instruments eligible for inclusion in Tier-1 capital that complies with the requirement specified by RBI. The Tier-2 capital consists of general provision and loss reserves, upper Tier-2 instruments and subordinate debt instruments eligible for inclusion in Tier-2 capital. The Bank has issued debt instruments that form a part of Tier-1 and Tier-2 capital. The terms and conditions that are applicable for these instruments comply with the stipulated regulatory requirements.

Tier-1 bonds are non-cumulative and perpetual in nature with a call option after 10 years. Interest on Tier-1 bonds is payable either annually or semi-annually. Some of the Tier-1 bonds have a step-up clause on interest payment ranging up to 100 bps. The Upper Tier-2 bonds have an original maturity of 15 years with a call option after 10 years. The interest on Upper Tier-2 bonds is payable either annually or semi-annually. Some of the Upper Tier-2 debt instruments have a step-up clause on interest payment ranging up to 100 bps. The Lower Tier-2 bonds have an original maturity between 5 to 10 years. The interest on lower Tier-2 capital instruments is payable either semi-annually or annually.

RBI through its circular dated 20th January 2011 stipulated that henceforth capital instruments issued with step-up option will not be eligible for inclusion in the capital funds. Capital issuances with step-up option prior to the release of the above-mentioned circular would continue to remain eligible for inclusion in regulatory capital. The Bank is in compliance with this stipulation and the existing Tier-1 and Tier-2 capital instruments with step-up option have been issued prior to 20th January 2011.

Equity Capital

The Bank has authorised share capital of ₹850.00 crores comprising 850,000,000 equity shares of ₹10/- each. As on 31st March 2013 the Bank has issued, subscribed and paid-up equity capital of ₹467.95 crores, constituting 467,954,468 number of shares of ₹10/- each. The Bank's shares are listed on the National Stock Exchange and the Bombay Stock Exchange. The GDRs issued by the Bank are listed on the London Stock Exchange (LSE).

During the year under review, the Bank raised capital in the form of equity and debt to support future growth. It raised Tier-1 capital in the form of equity capital through a Qualified Institutional Placement (QIP) and a preferential allotment of equity shares to the promoters of the Bank. The Bank mobilised an aggregate of ₹5,537.47 crores through these offerings, by issuing 34,000,000 equity shares through the QIP and 5,837,945 shares to promoters (Life Insurance Corporation of India, General Insurance Corporation of India, New India Assurance Company Limited, National Insurance Company Limited and United India Insurance Company Limited) to maintain their percentage shareholding of the Bank's promoters at the pre-QIP offering levels. The equity shares offered under the QIP and preferential allotment were both priced at ₹1,390 per share.

During the year, the Bank has also allotted equity shares to employees under its Employee Stock Option Plan.

The provisions of the Companies Act, 1956 and other applicable laws and regulations govern the rights and obligations of the equity share capital of the Bank.

Debt Capital Instruments

The Bank has raised capital through Innovative Perpetual Debt Instrument (IPDI) eligible as Tier-1 Capital and Tier-2 Capital in the form of Upper Tier-2 and Subordinated bonds (unsecured redeemable non-convertible debentures), details of which are given below:

Perpetual Debt Instrument

The Bank has raised Perpetual Debt Instruments eligible as Tier-1 Capital, the aggregate value of which as on 31st March 2013 was ₹463.71crores as stated below:

Date of Allotment	Rate of Interest	Period	Amount
30th September 2006	10.05%	Perpetual	₹214.00 crores
15th November 2006	7.167%	Perpetual	USD 46 million* (₹249.71 crores)
Total Perpetual Debt			**₹463.71 crores**

*Converted to INR @ ₹54.285 to a US Dollar (prevailing exchange rate as on 28th March 2013)

Upper Tier-2 Capital

The Bank has also raised Upper Tier-2 Capital, the aggregate value of which as on 31st March 2013 was ₹1,446.53 crores as per the table below:

Date of Allotment	Date of Redemption	Rate of Interest	Amount
11th August 2006	12th August 2021	7.25%	USD 149.91million* (₹813.79 crores)
24th November 2006	24th November 2021	9.35%	₹200.00 crores
6th February 2007	6th February 2022	9.50%	₹107.50 crores
28th June 2007	28th June 2022	7.125%	USD 59.91 million* (₹325.24 crores)
Total Upper Tier-2 Capital			**₹1,446.53 crores**

*Converted to INR @ ₹54.285 to a US Dollar (prevailing exchange rate as on 28th March 2013)

Subordinated Debt

As on 31st March 2013, the Bank had an outstanding Subordinated debt (unsecured redeemable non-convertible debentures) aggregating ₹10,629.30 crores. Of this, ₹10,036.66 crores qualified as Lower Tier-2 capital, the details of which are stated below:

(₹ in crores)

Date of Allotment	Date of Redemption	Rate of Interest	Amount
26th July 2003	26th April 2013	7.00%	65.00
15th January 2004	15th October 2013	6.50%	50.00
22nd March 2006	22nd June 2013	8.50%	125.00
22nd March 2006	22nd June 2013	8.32%	5.00
22nd March 2006	22nd March 2016	8.75%	360.00
22nd March 2006	22nd March 2016	8.56%	10.00
28th June 2006	28th September 2013	8.95%	33.50
28th June 2006	28th June 2016	9.10%	104.90
30th March 2007	30th March 2017	10.10%	250.90

Date of Allotment	Date of Redemption	Rate of Interest	Amount
7th November 2008	7th November 2018	11.75%	1,500.00
28th March 2009	28th March 2019	9.95%	200.00
16th June 2009	16th June 2019	9.15%	2,000.00
1st December 2011	1st December 2021	9.73%	1,500.00
20th March 2012	20th March 2022	9.30%	1,925.00
31st December 2012	31st December 2022	9.15%	2,500.00
Total			**10,629.30**

During the year, subordinated debts (unsecured redeemable non-convertible subordinated debentures) of ₹2,500 crores were raised.

Capital Funds

(₹ in crores)

	Position as on 31st March 2013	Amount
A	**Tier-1 Capital**	**31,596.80**
	Of which	
	- Paid-up Share Capital	467.95
	- Reserves and surplus (Excluding Foreign Currency Translation Reserve and Investment Reserve)	32,231.13
	- Innovative Perpetual Debt Instruments	463.71
	- Amount deducted from Tier-1 capital	
	- Investments in subsidiaries	(191.22)
	- Deferred Tax Assets	(1,374.77)
B	**Tier-2 Capital (net of deductions) (B.1+B.2+B.3-B.4)**	**12,334.32**
	Out of above	
B.1	Debt Capital Instruments eligible for inclusion as Upper Tier-2 Capital	
	- Total amount outstanding	1,446.53
	- Of which amount raised during the current year	-
	- Amount eligible as capital funds	1,446.53
B.2	Subordinated debt eligible for inclusion in Lower Tier-2 Capital	
	- Total amount outstanding	10,629.30
	- Of which amount raised during the current year	2,500.00
	- Amount eligible as capital funds	10,036.66
B.3	Other Tier-2 Capital - General provisions and loss reserves	1,042.35
B.4	Deductions from Tier-2 Capital	
	- Investments in Subsidiaries	(191.22)
C	**Total Eligible Capital**	**43,931.12**

III. 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 the capital adequacy guidelines under Basel I, the Bank is required to maintain a minimum ratio of total capital to risk weighted assets (CRAR) of 9.0%, at least half of which is required to be Tier-1 Capital. As per Basel II guidelines, the Bank is required to maintain a minimum CRAR of 9.0%, with minimum Tier-1 Capital ratio of 6.0%. In terms of RBI guidelines for implementation of Basel II, capital charge for credit and market risk for the financial year ended 31st March 2013 will be required to be maintained at the higher levels implied by Basel II or 80% of the minimum capital requirement computed as per the Basel I framework. For the year ended 31st March 2013, the minimum capital required to be maintained by the Bank as per Basel II guidelines is higher than that required at 80% of the capital requirements under Basel I guidelines.

During the year, the Reserve Bank of India had issued guidelines on implementation of Basel III capital regulation in India. These guidelines are to be implemented beginning 1st April 2013 in a phased manner and are to be fully implemented as on 31st March 2018. These guidelines cover the new capital regulations and liquidity risk management framework. The Bank has taken appropriate steps to ensure adoption of these guidelines within the timeframe stipulated by RBI. An assessment of capital requirements under Basel III has been conducted. The liquidity guidelines have been integrated into the asset liability management framework of the Bank through suitable amendments in order to ensure adherence to RBI guidelines on monitoring and management of liquidity including liquidity ratios.

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 31st March 2013 is presented below:

(₹ in crores)

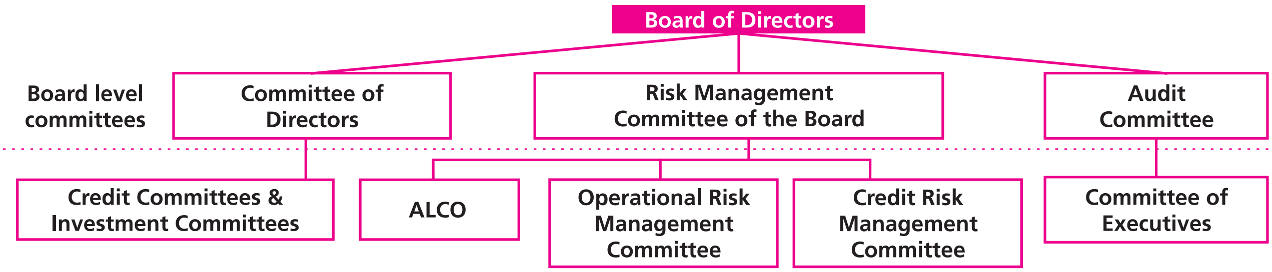
Capital Requirements for various Risks	Amount
CREDIT RISK	
Capital requirements for Credit Risk	
- Portfolios subject to standardised approach	19,785.25
- Securitisation exposures	-
MARKET RISK	
Capital requirements for Market Risk	
- Standardised duration approach	1,841.51
- Interest rate risk	1,687.38
- Foreign exchange risk (including gold)	30.11
- Equity risk	124.02
OPERATIONAL RISK	
Capital requirements for Operational risk	
- Basic indicator approach	1,625.23
Capital Adequacy Ratio of the Bank (%)	**17.00%**
Tier-1 CRAR (%)	**12.23%**
Consolidated Capital Adequacy Ratio (%)	**17.15%**
Consolidated Tier-1 CRAR (%)	**12.31%**

IV. RISK MANAGEMENT: OBJECTIVES AND ORGANIZATION 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. The Bank's risk governance architecture focuses attention on key areas of risk such as credit, market and operational risk and quantification of these risks wherever possible for effective and continuous monitoring.

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:

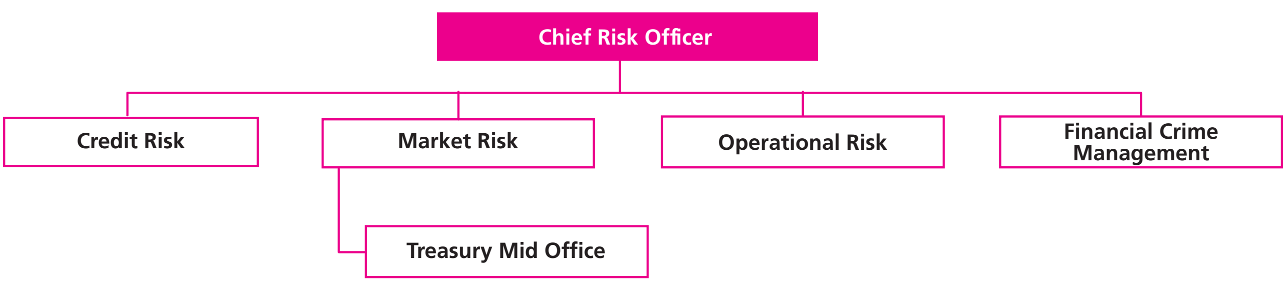


The Bank has put in place policies relating to management of credit risk, market risk, operational risk and asset-liability both for the domestic as well as overseas operations. The overseas policies are drawn based on the risk perceptions of these economies and the Bank's risk appetite.

The Bank has formulated a comprehensive Stress Testing policy to measure impact of adverse stress scenarios on the adequacy of capital.

Structure and Organization

The Risk Department reports to the Executive Director and Head (Corporate Centre) and the Risk Management Committee of the Board oversees the functioning of the Department. The Department has four separate teams for Credit Risk, Market Risk, Operational Risk and Financial Crime Management Unit (FCMU) and the head of each team reports to the Chief Risk Officer.



V. 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 and thorough risk vetting of individual exposures at origination and thorough periodic 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 inputs 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 margin, 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.

Delegation of sanctioning powers is based on the size and rating of the exposures. The Bank has put in place the following hierarchical committee structure for credit sanction and review:

- Retail Agriculture Credit Committee (RACC)
- Central Agriculture Business Credit Committee (CABCC)
- Regional Credit Committee (RCC)
- Central Office Credit Committee (COCC)
- Committee of Executives (COE)
- Senior Management Committee (SMC)
- Committee of Directors (COD), a sub-committee of the Board.

All management level sanctioning committees require mandatory presence of a representative from Risk Department for quorum.

Review and Monitoring

- All credit exposures, once approved, are monitored and reviewed periodically against the approved limits. Borrowers with lower credit rating are subject to more frequent reviews.
- Credit audit involves independent review of credit risk assessment, compliance with internal policies of the Bank and with the regulatory framework, compliance of sanction terms and conditions and effectiveness of loan administration.
- Customers with emerging credit problems are identified early and classified accordingly. Remedial action is initiated promptly to minimize the potential loss to the Bank.

Concentration Risk

The Bank manages concentration risk by means of appropriate structural limits and borrower-wise limits based on credit-worthiness. Credit concentration in the Bank's portfolios is monitored for the following:

- Large exposures to the individual clients or group: The Bank has individual borrower-wise exposure ceilings based on the internal rating of the borrower as well as group-wise borrowing limits which are continuously tracked and monitored.

- Geographic concentration for real estate exposures.
- Concentration of unsecured loans to total loans and advances.
- Concentration by Industry: Industry analysis plays an important part in assessing the concentration risk within the loan portfolio. Industries are classified into various categories based on factors such as demand-supply, input related risks, government policy stance towards the sector and financial strength of the sector in general. Such categorisation 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. The Bank periodically monitors its portfolios for any lead indicators of stress which includes potential delinquencies, external rating downgrades and credit concentration. Borrowers or portfolios are marked for early warning when signs of weakness or financial deterioration are envisaged in order that timely remedial actions may be initiated. In-depth sector specific studies are undertaken on portfolios vulnerable to extraneous shocks and the results are shared with the business departments. The Bank has a well-defined stress testing policy in place and at least on a quarterly basis, stress testing is undertaken on various portfolios to gauge the impact of stress situations on the health of portfolio, profitability and capital adequacy.

As regards retail lending, the focus has been on increasing lending to secured portfolios (mortgage, auto), while maintaining a cautious approach to unsecured lending (personal loans and credit card business). The Bank is continuously endeavoring to improve the quality of incremental origination through better credit underwriting standards using improved scorecards. Portfolio delinquency trends are monitored periodically.

Definition 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;

1. interest and/or instalment of principal remains overdue for a period of more than 90 days in respect of a term loan,
2. the account remains "out-of-order" for a period of more than 90 days in respect of an Overdraft or Cash Credit (OD/CC),
3. the bill remains overdue for a period of more than 90 days in case of bills purchased and discounted,
4. a loan granted for short duration crops will be treated as NPA if the installments of principal or interest thereon remain overdue for two crop seasons, and
5. a loan granted for long duration crops will be treated as NPA if the installments of principal or interest thereon remain overdue for one crop season.
6. 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.
7. 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 31st March 2013

(₹ in crores)

	Domestic (Outstanding)	Overseas (Outstanding)	Total
Fund Based	252,735.98	33,650.47	**286,386.45**
Non Fund Based *	76,112.37	10,743.51	**86,855.88**
Total	**328,848.35**	**44,393.98**	**373,242.33**

* 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 31st March 2013

(₹ in crores)

Sr. No.	Industry Classification	Amount	
		Fund Based (Outstanding)	Non-Fund Based (Outstanding)
1.	Infrastructure (excluding Power)	16,770.08	11,870.95
	- of which Roads and ports	5,865.81	1,841.61
	- of which Telecommunications	2,458.51	1,395.08
2.	Power Generation & Distribution	9,737.06	15,659.43
3.	All Engineering	5,949.04	9,319.28
	- of which Electronics	603.62	65.47
4.	Trade	9,575.21	4,627.38
5.	Chemicals and chemical products	7,477.29	4,419.40
	- of which Petro Chemicals	802.81	641.28
	- of which Drugs and Pharmaceuticals	3,498.47	578.23
6.	Iron and Steel	6,300.86	4,946.91
7.	Food Processing	6,538.04	138.95
8.	NBFCs	5,072.99	1,339.61
9.	Petroleum, coal products and Nuclear fuels	2,479.42	2,542.48
10.	Computer Software	2,805.04	1,640.01
11.	Edible Oils and Vanaspati	1,079.61	3,082.23
12.	Other metal and metal products	2,633.90	1,280.39
13.	Vehicles, vehicle parts and transport equipments	3,106.13	551.68
14.	Cotton Textiles	2,962.18	498.70
15.	Gems and Jewellery	2,386.19	639.44
16.	Cement and Cement Products	1,807.03	989.37
17.	Construction	1,159.65	1,328.30
18.	Other Textiles	1,568.84	466.69
19.	Paper and Paper Products	1,089.32	262.42
20.	Mining and quarrying (incl. coal)	1,073.05	249.96
21.	Rubber Plastic and their products	801.45	106.10
22.	Sugar	498.74	385.61
23.	Glass and Glass ware	533.19	225.53
24.	Wood and wood products	485.73	237.85
25.	Beverage and Tobacco	620.82	31.74
26.	Tea	191.01	65.35
27.	Leather and Leather Products	118.48	14.56

(₹ in crores)

Sr. No.	Industry Classification	Amount	
		Fund Based (Outstanding)	Non-Fund Based (Outstanding)
28.	Jute Textiles	33.96	3.32
29.	Other Industries	47,129.18	18,043.11
	- of which Banking and Finance	17,616.25	6,326.46
	- of which Commercial real estate	6,752.16	1,125.55
	- of which Shipping, Transportation & Logistics	3,236.86	1,675.72
	- of which Professional services	4,508.53	1,096.34
	- of which Entertainment & Media	1,620.52	1,472.47
30.	Residual exposures to balance the total exposure	144,402.96	1,889.13
	Total	**286,386.45**	**86,855.88**

As on 31st March 2013, the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure:

Sr. No.	Industry Classification	Percentage of the total gross credit exposure
1.	Infrastructure	8%
2.	Power Generation & Distribution	7%
3.	Banking & Finance	6%

Residual Contractual Maturity breakdown of Assets – Position as on 31st March 2013

(₹ in crores)

Maturity Bucket	Cash, balances with RBI	Balances with other banks*	Investments	Advances	Fixed Assets	Other assets
1day	7,797.24	1,621.45	6,816.23	2,317.44	-	199.39
2 to 7 days	74.53	1,978.81	9,369.90	1,959.35	-	914.47
8 to 14 days	277.17	156.66	2,850.59	1,777.23	-	903.94
15 to 28 days	218.10	285.80	2,496.50	2,438.04	-	1,805.60
29 days to 3 months	651.57	489.57	8,249.24	10,197.27	-	23.87
Over 3 months and upto 6 months	745.30	309.50	9,327.98	11,220.30	-	371.26
Over 6 months and upto 12 months	884.40	494.74	11,780.01	12,348.87	-	429.99
Over 1 year and upto 3 years	1,028.34	0.25	20,263.99	45,312.01	-	128.46
Over 3 years and upto 5 years	617.24	270.22	9,049.77	26,146.22	-	-
Over 5 years	2,498.20	35.87	33,533.33	83,249.23	2,355.64	2,289.58
Total	**14,792.09**	**5,642.87**	**113,737.54**	**196,965.96**	**2,355.64**	**7,066.56**

* including money at call and short notice.

Movement of NPAs and Provision for NPAs (including NPIs) – Position as on 31st March, 2013

(₹ in crores)

		Amount
A.	**Amount of NPAs (Gross)***	2,393.42
	- Substandard	694.31
	- Doubtful 1	454.47
	- Doubtful 2	106.01
	- Doubtful 3	67.69
	- Loss	1,070.94

		(₹ in crores)
		Amount
B.	**Net NPAs**	704.13
C.	**NPA Ratios**	
	- Gross NPAs (including NPIs) to gross advances (%)	1.20%
	- Net NPAs (including NPIs) to net advances (%)	0.36%
D.	**Movement of NPAs (Gross)**	
	- Opening balance as on 1st April 2012	1,806.30
	- Additions	2,023.36
	- Reductions	(1,436.24)
	- Closing balance as on 31st March 2013	2,393.42
E.	**Movement of Provision for NPAs**	
	- Opening balance as on 1st April 2012	1,323.92
	- Provision made in 2012-13	1,192.20
	- Transfer of restructuring provision	13.89
	- Write-offs/Write-back of excess provision	(873.99)
	- Closing balance as on 31st March 2013	1,656.02

* includes ₹11.72 crores outstanding under Application Money classified as non-performing asset.

NPIs and Movement of Provision for Depreciation on NPIs – Position as on 31st March 2013

		(₹ in crores)
		Amount
A.	Amount of Non-Performing Investments	10.29
	Amount of Non-Performing Investments - Others*	11.72
B.	Amount of Provision held for Non-performing investments	7.22
	Amount of Provision held for Non-performing investments - Others*	11.72
C.	Movement of provision for depreciation on investments	
	- Opening balance as on 1st April 2012	327.55
	- Provision made in 2012-13	-
	- Write-offs	-
	- Write-back of excess provision	(103.94)
	- Closing balance as on 31st March 2013	223.61

* represents amount outstanding under Application Money classified as non-performing asset.

Credit Risk: Use of Rating Agency under the Standardised Approach

The RBI guidelines on Basel II require banks to use ratings assigned by specified External Credit Assessment Agencies (ECAIs) namely Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA for domestic counterparties and Standard & Poor's, Moody's and Fitch for foreign counterparties.

The Bank is using issuer ratings and short-term and long-term instrument/bank facilities' ratings which are assigned by the accredited rating agencies viz. Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA and published in the public domain to assign risk-weights in terms of RBI guidelines. In respect of claims on non-resident corporates and foreign banks, ratings assigned by international rating agencies i.e. Standard & Poor's, Moody's and Fitch is used. For exposures with contractual maturity of less than one year, a short-term rating is used. For cash credit facilities and exposures with contractual maturity of more than one year, long-term rating is used.

Issue ratings would be used if the Bank has an exposure in the rated issue and this would include fund-based and non-fund based working capital facilities as well as loans and investments. In case the Bank does not have exposure in a rated issue, the Bank would use the issue rating for its comparable unrated exposures to the same borrower, provided that the Bank's exposures are pari-passu or senior and of similar or lesser maturity as compared to the rated issue. Structured Obligation (SO) ratings are not used unless the Bank has a direct exposure in the 'SO' rated issue. If an issuer has a long-term or short-term exposure with an external rating that warrants a risk weight of 150%, all unrated claims on the same counterparty, whether short-term or long-term, also receive 150% risk weight, unless the Bank uses recognised credit risk mitigation techniques for such claims.

Issuer ratings provide an opinion on the general credit worthiness of the rated entities in relation to their senior unsecured obligations. Therefore, issuer ratings would be directly used to assign risk-weight to unrated exposures of the same borrower.

Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk-Weight – Position as on 31st March 2013

(₹ in crores)

	Amount
Below 100% risk weight	207,630.76
100% risk weight	130,204.73
More than 100% risk weight	35,406.84
Deduction from capital funds	
- Investments in subsidiaries	382.44

VI. CREDIT RISK MITIGATION

The Bank uses various collaterals both financial as well as non-financial, guarantees and credit insurance as credit risk mitigants. The main financial collaterals include bank deposits, NSC/KVP/LIP and gold, while main non-financial collaterals include land and building, plant and machinery, residential and commercial mortgages. The guarantees include guarantees given by corporate, bank and personal guarantees. This also includes loans and advances guaranteed by Export Credit & Guarantee Corporation Limited (ECGC), Credit Guarantee Fund Trust for Small Industries (CGTSI), Central Government and State Government.

The Bank has in place a collateral management policy, which underlines the eligibility requirements for credit risk mitigants (CRM) for capital computation as per Basel II guidelines. The Bank reduces its credit exposure to counterparty with the value of eligible financial collateral to take account of the risk mitigating effect of the collateral. To account for the volatility in the value of collateral, haircut is applied based on the type, issuer, maturity, rating and re-margining/revaluation frequency of the collateral. The Bank revalues various financial collaterals at varied frequency depending on the type of collateral. The Bank has a valuation policy that covers processes for collateral valuation and empanelment of valuers.

Details of Total Credit Exposure (after on or off Balance Sheet Netting) as on 31st March 2013

(₹ in crores)

	Amount
Covered by :	
- Eligible financial collaterals after application of haircuts	16,244.47
- Guarantees/credit derivatives	9,000.15

VII. 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. All risks in the securitised portfolio are transferred to a Special Purpose Vehicle (SPV), except where the Bank provides sub-ordination of cash flows to Senior Pass-Through Certificate (PTC) holders by retaining the junior tranche of the securitised pool. 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 FIMMDA/RBI guidelines. Gain on securitisation is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to profit and loss account. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29 'Provisions, contingent liabilities and contingent assets'.

The Bank follows the standardised approach prescribed by the RBI for the securitisation activities. The Bank uses the ratings assigned by various external credit rating agencies viz. Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA for its securitisation exposures.

All transfers of assets under securitisation were effected on true sale basis. However, in the financial year ended 31st March 2013, the Bank has not securitised any asset.

A. Banking Book

Details of Exposure Securitised by the Bank and subject to Securitisation Framework

(₹ in crores)

Sr. No.	Type of Securitisation	Amount
1.	Total amount of exposures securitised	-
2.	Losses recognised by the Bank during the current period	-
3.	Amount of assets intended to be securitised within a year	-
	Of which	
	- Amount of assets originated within a year before securitisation	NA
4.	Amount of exposures securitised	
	- Corporate Loans	-
5.	Unrecognised gain or losses on sale	
	- Corporate Loans	-

Aggregate amount of Securitisation Exposures Retained or Purchased as on 31st March 2013 is given below

(₹ in crores)

Sr. No.	Type of Securitisation	On Balance Sheet (Amount)	Off Balance Sheet (Amount)
1.	Retained	-	-
2.	Securities purchased	-	-
3.	Liquidity facility	-	-
4.	Credit enhancement (cash collateral)	-	-
5.	Other commitments	-	-

Risk-weight wise Bucket Details of the Securitisation Exposures on the Basis of Book-Value

(₹ in crores)

	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 crores)

Sr. No.	Type of Securitisation	Amount
1.	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 31st March 2013 is given below

(₹ in crores)

Sr. No.	Type of Securitisation	On Balance Sheet (Amount)*	Off Balance Sheet (Amount)
1.	Retained	-	-
2.	Securities purchased		
	- Corporate Loans	8.93	-
	- Lease Rental	197.91	-
	- Priority Sector (auto pool & micro finance)	1,264.18	-
3.	Liquidity facility	-	-
4.	Credit enhancement (cash collateral)	-	-
5.	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 crores)

		Amount	Capital charge
1.	Exposures subject to Comprehensive Risk Measure for specific risk		
	- Retained	-	-
	- Securities purchased	-	-
2.	Exposures subject to the securitisation framework for specific risk		
	Below 100% risk weight	1,471.02	59.60
	100% risk weight	-	-
	More than 100% risk weight	-	-
3.	Deductions		
	- Entirely from Tier I capital	-	-
	- Credit enhancing I/Os deducted from Total Capital	-	-
	- Credit enhancement (cash collateral)	-	-

VIII. 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, as well as the volatilities of those changes. The Bank is exposed to market risk through its investment activities and also trading activities, which are undertaken for customers as well as on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its trading, investment and asset/liability portfolios. For market risk management, the Bank has:

- Board approved market risk policies and guidelines which are aligned to the regulatory norms 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 best practices.

- Market risk identification through elaborate mapping of the Bank's main businesses for various market risks.
- Statistical measures like Value at Risk (VaR), supplemented by stress tests, back tests and scenario analysis.
- Non-statistical measures like position limits, marked-to-market (MTM), gaps and sensitivities (mark-to-market, position limits, duration, PVBP, option Greeks).
- Management Information System (MIS) for timely market risk reporting to senior management functionaries.

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, management experience and the Bank's risk appetite. These limits are monitored on a 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 is in the final stages of building 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 is allocated to various currencies and maturities as Individual Gap Limits to monitor concentrations. Similarly, stop-loss limits and duration limits have been set up for different categories within a portfolio. Within the overall PV01 limit, a sub limit is set up which is not expected to be breached by trades linked to any individual benchmark.

Liquidity Risk

Liquidity Risk is the current and prospective risk to earnings or capital arising from a bank's inability to meet its current or future obligations on the due date. Liquidity risk is two-dimensional viz., risk of being unable to fund portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate an asset in a timely manner at a reasonable price (asset dimension).

The goal of Liquidity Risk Management is to meet all commitments on the due date and also be able to fund new investment opportunities by raising sufficient funds in the form of increasing fresh liabilities or by expeditious asset sell-off without incurring unacceptable losses, both under normal and adverse conditions. These objectives are ensured by setting up policies, operational level committees, measurement tools and monitoring and reporting mechanism using effective use of IT systems for availability of quality data.

The Bank manages its liquidity on a static as well as dynamic basis using various tools such as gap analysis, ratio analysis, dynamic liquidity statements and scenario analysis. The Bank's ALM policy defines the tolerance limits for its structural liquidity position. The Liquidity Policy for the domestic operations as well as for the overseas branches lay down the operational framework for prudent risk management in the Bank. The liquidity profile of the Bank is analysed on a static basis by tracking all cash inflows and outflows in the maturity ladder based on the actual maturity and expected occurrence (for non-maturity items) of cash flows. The liquidity profile of the Bank is also estimated on a dynamic basis by considering the growth in deposits and loans, investment obligations, etc. for a short-term period of three months. The Bank undertakes behavioral analysis of the non-maturity products viz. savings and current deposits and cash credit /overdraft accounts on a periodic basis, to ascertain the volatility of residual balances in those accounts. The renewal pattern and premature withdrawals of term deposits and drawdown of unavailed credit limits are also captured through behavioral studies. The concentration of large deposits is monitored on a periodic basis.

The Bank's ability to meet its obligations and fund itself in a crisis scenario is critical and accordingly, liquidity stress tests are conducted under different scenarios at periodical intervals to assess the impact on liquidity to withstand stressed conditions. The liquidity positions of overseas branches are managed in line with the Bank's internal policies and host country regulations. Such positions are also reviewed centrally by the Bank's ALCO along with domestic positions.

Counterparty Risk

The Bank has a Counterparty Risk Management Policy incorporating well laid-down guidelines, processes and measures for counterparty risk management. The policy includes separate counterparty rating models for commercial banks, foreign banks and co-operative banks for determining maximum permissible limits for counterparties**.** Counterparty limits 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 based on financials of the counterparties, business need, past transaction experiences and market conditions. The Bank has also put in place the '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, 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 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 its overseas branches in Singapore, Hong Kong, Dubai and Colombo. 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 31st March 2013

(₹ in crores)

	Amount of Capital Required
- Interest rate risk	1,687.38
- Equity position risk	124.02
- Foreign exchange risk (including gold)	30.11

IX. OPERATIONAL RISK

Strategies and Processes

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risk management policy documents the Bank's approach towards management of operational risk and defines the roles and responsibilities of the various stakeholders within the Bank. The policy also comprises the detailed framework for operational risk loss data collection, risk and control self-assessment and key risk indicator framework.

Based on the above policy the Bank has initiated several measures to manage operational risk. The Bank has put in place a hierarchical structure to effectively manage operational risk through the formation of several internal committees viz., Operational Risk Management Committee, Product Management Committee, Change Management Committee, Outsourcing Committee, Software Evaluation Committee and IT Security Committee. The functioning of these committees has stabilised.

Structure and Organisation

The Risk Management Committee (RMC) of the Board at the apex level is the policy making body. The RMC is supported by the Operational Risk Management Committee (ORMC), consisting of Senior Management personnel, which is responsible for implementation of the Operational Risk policies of the Bank. This internal committee oversees the implementation of the OR framework and oversees the management of operational risks across the Bank. A sub-committee of ORMC (Sub-ORMC) has been constituted to assist the ORMC in discharging its functions by deliberating the operational risk issues in detail and escalating the critical issues to ORMC. The Operational Risk function, a distinct unit reporting to the Chief Risk Officer of the Bank, ensures implementation of the procedures for 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, software evaluation and IT Security.

Scope and Nature of Operational Risk Reporting and Measurement Systems

A systematic process for reporting risks, losses and non-compliance issues relating to operational risks has been developed and implemented. The information gathered is being used to develop triggers to initiate corrective actions to improve controls. All critical risks and potential 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 Risk Governance and Compliance platform (SAS EGRC). The IT platform would act 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. A management dashboard template is also being designed as an output. The Bank has captured 5,127 processes in the EGRC system and their related risks and controls. In the initial phase, 66 KRIs have been identified and thresholds have been fixed for the various units of the Bank. These are being monitored through the system on an ongoing basis. The roll-out of the system has commenced in a phased manner and is stated to be completed by September 2013.

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 signoff process. Similarly, any changes to the existing products/processes are being vetted by the Change Management Committee.

The Bank has adopted specific policies on Business Continuity Management and IT Disaster Recovery. The Bank has framed processes for identification of non-IT BCP teams, conducting training and awareness sessions, handling loss or inaccessibility of staff, identifying backup personnel for critical positions, identifying alternative premises, and coordination of contingency plans at the Bank level.

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 31st March 2013. Based on the measures outlined above, the Bank is preparing itself for migration to the Advanced Measurement Approach of capital computation for operational risk under Basel II.

X. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

The IRRBB is managed according to the guidelines of the Bank's ALM Policy. The Bank assesses its exposure to interest rate risk in the banking book at the end of each quarter considering a drop in the market value of investments due to 50 bps change in interest rates. Calculation of interest rate risk in the banking book (IRRBB) is based on a present value perspective with cash flows discounted at zero coupon yields published by National Stock Exchange (NSE) for domestic balance sheet and USD LIBOR for overseas balance sheet. Other currencies are taken in equivalent base currencies (INR for domestic books and USD for overseas branches) as the Bank does not have material exposures to other currencies as a percentage of the balance sheet. Cash flows are assumed to occur at the middle of the regulatory buckets. Non-interest sensitive products like cash, current account, capital, volatile portion of savings bank deposits, etc. are excluded from the computation. The Bank does not run a position on interest rate options that might result in non-linear pay-off. Future interest cash flows from outstanding balances are included in the analysis.

The Bank employs Earnings at Risk (EaR) measures to assess the sensitivity of its net interest income to parallel movement in interest rates on the entire balance sheet. The results of EaR measures as against the limits are reported to the senior management on a weekly basis.

The Bank measures the level of its exposure to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements as stipulated in the relevant RBI guidelines. The Duration Gap Analysis (DGA) involves bucketing of all on and off- balance sheet Risk Sensitive Assets (RSA) and Risk Sensitive Liabilities (RSL) as per their residual maturity/ re-pricing dates in various time bands and computing the Modified Duration Gap (MDG). MDG is used to evaluate the impact on the MVE of the Bank under different interest rate scenarios. The Bank applies a standardised 200 bps parallel rate shock by applying sensitivity weights to each time band (based on estimates of duration of the assets and liabilities that fall into each time band) to measure the economic impact of the shock. The shock of 200 basis points is applied to the entire balance sheet including the trading book as per RBI guidelines.

The findings of the various IRRBB measures are submitted to the ALCO, which is the apex committee for providing strategic guidance and direction for the ALM measures.

Details of increase/(decrease) in earnings and economic value for upward and downward rate shocks based on balance sheet as on 31st March 2013 are given below:

Earnings Perspective

(₹ in crores)

Currency	Interest Rate Shock	
	+200bps	**-200bps**
INR	(521.10)	521.10
USD	39.58	(39.58)
Residual	11.99	(11.99)
Total	**(469.53)**	**469.53**

Economic Value Perspective

(₹ in crores)

Currency	Interest Rate Shock	
	+200bps	**-200bps**
INR	3,267.92	(3,267.92)
USD	146.04	(146.04)
Residual	41.83	(41.83)
Total	**3,455.79**	**(3,455.79)**

BANK'S NETWORK : LIST OF CENTRES AS ON 31 MARCH, 2013

State/ UT	Centre
Andaman & Nicobar UT	Bathu Basti
	Diglipur
	Port Blair
Andhra Pradesh	Adilabad
	Adoni
	Alamuru
	Alwal
	Anakapalle
	Anantapur
	Bapatla
	Bibinagar
	Bobilli
	Chevella
	Chillakallu
	Chinnamiram
	Chirala
	Chittoor
	Dharmavaram
	Edarapalli
	Eluru
	Gachibowli
	Gajuwaka
	Gollamandala
	Gopalapatnam
	Gudivada
	Guntakal
	Guntur
	Hindupur
	Hyderabad (Hyderabad)
	Hyderabad (Rangareddy)
	Jangareddigudem
	Jayanthi
	Kadapa
	Kadiri
	Kaikaluru
	Kakinada
	Kamareddy
	Kandanathi
	Kandukur
	Karimnagar
	Kasibugga
	Kavali
	Khammam
	Kompally
	Kothagudem
	Kothbaspalle
	Kukatpally
	Kurnool
	L B Nagar
	Machilipatnam
	Madanpalle
	Mahabubabad
	Mahbubnagar
	Malkajgiri
	Mancherial
	Miryalguda
	Mumbapur
	Muthukur
	Nalgonda
	Nandyal
	Narasaraopet
	Nellore
	Nizamabad
	Nuzvid
	Ongole
	P L Puram
	Paidiparru
	Paritala
	Patancheru
	Peddahottur
	Peddapalli
	Poolapalle
	Proddatur
	Pulluru
	Quthbullapur
	Rajahmundry
	Rajam
	Rajampet
	Ramagundam
	Repalle
	Sangareddy
	Sathupally
	Serilingampally
	Shamshabad
	Siddipeta
	Srikakulam
	Suryapet
	Tadepalligudem
	Tadpatri
	Tenali
	Tirupati
	Uppal Kalan
	Vemugodu
	Verrupapuram
	Vijayawada
	Vinukonda
	Visakhapatnam
	Vizianagaram
	Warangal
	Yemmiganur
	Zahirabad
Arunachal Pradesh	Itanagar
Assam	Barpeta Road
	Biswanath Chariali
	Bongaigaon
	Dhubri
	Dibrugarh
	Duliajan
	Goalpara
	Golaghat
	Guwahati (Kamrup Metro)
	Guwahati (Kamrup)
	Hailakandi
	Hojai
	Jorhat
	Karimganj
	Kokrajhar
	Mangaldoi
	Margherita
	Morigaon
	Nagaon
	Nalbari
	Noonmati
	North Lakhimpur
	Sibsagar
	Silchar
	Tezpur
	Tinsukia
	Udalguri
Bihar	Abul Hasanpur
	Arrah
	Aurangabad
	Barh
	Basudevpur Chaputa
	Begusarai
	Bettiah
	Bhabhua
	Bhagalpur
	Biharsharif
	Buxar
	Chapra
	Danapur
	Darbhanga
	Darveshpur
	Daulatpur Dewaria
	Devkuli
	Gaya

State/ UT	Centre
	Gopalganj
	Gopinathpur Dokra
	Hajipur
	Jehanabad
	Kanchanpur
	Katihar
	Kishanganj
	Kuari Buzurg
	Madhepura
	Madhubani
	Majithi
	Motihari
	Munger
	Muzaffarpur
	Naugachhia
	Patna
	Purnia
	Saharsa
	Samastipur
	Sasaram
	Sitamarhi
	Siwan
Chandigarh UT	Chandigarh
	Manimajra
Chattisgarh	Abhanpur
	Akaltara
	Ambikapur
	Basin
	Bhatapara
	Bhilai
	Bilaspur
	Champa
	Chandkuri
	Dalli Rajhara
	Dhamtari
	Dongargarh
	Dunda
	Durg
	Hatmudi
	Jagdalpur
	Jairam Nagar
	Jashpurnagar
	Jhilmila
	Kanker
	Kawardha
	Kharsia
	Korba
	Mahasamund
	Manendragarh
	Raigarh
	Raipur
	Rajim
	Rajnandgaon
	Sakti
	Tulsi
	Urla
Dadra & Nagar UT	Silvassa
Daman & Diu UT	Daman
	Diu
Delhi	Delhi
Goa	Agaciam
	Candolim
	Mapusa
	Margao
	Panaji
	Ponda
	Vasco
Gujarat	Ahmedabad
	Alipura
	Amreli
	Anand
	Anjar
	Ankleshwar
	Asura
	Atul
	Bagasara
	Bardoli
	Bharuch
	Bhavnagar
	Bhuj
	Bopal
	Borsad
	Botad
	Chandlodiya
	Changodar
	Chhatral
	Chikhli
	Dahej
	Dahod
	Deesa
	Devgad Baria
	Dhoraji
	Dhrangadhra
	Dhrol
	Dwarka
	Gadhada
	Gandhidham
	Gandhinagar
	Gariadhar
	Godhra
	Gondal
	Halol
	Harij
	Himatnagar
	Ichchapore
	Idar
	Jambusar
	Jamjodhpur
	Jamnagar
	Jasdan
	Jetpur-Navagadh
	Junagadh
	Kalavad
	Kalol
	Keshod
	Khadat
	Khambalia
	Kodinar
	Lathi
	Madhapar
	Mahuva
	Manavadar
	Mandvi
	Mehsana
	Metoda
	Modasa
	Morbi
	Moti Bhoyan
	Mundra
	Nadiad
	Naranpar
	Navagam
	Navsari
	Paddhari
	Padra
	Palanpur
	Patan
	Pipavav
	Porbandar
	Radhanpur
	Rajkot
	Rajpipla
	Rajula
	Rapar
	Sanand
	Sihor
	Sokhda
	Surat
	Surendranagar
	Talaja
	Tarasadi
	Tathithaiya
	Udalpur
	Udhna
	Umbergaon
	Unjha
	Upleta
	Vadodara
	Vallabh Vidyanagar
	Valsad
	Vansda
	Vapi

State/ UT	Centre
	Vastrapur
	Vega
	Vejalpur
	Veraval
	Viramgam
	Visavadar
	Visnagar
	Vyara
	Wada
	Wankaner
Haryana	Ambala
	Bahadurgarh
	Baiyanpur
	Basdhara
	Bastali
	Batour
	Bhiwani
	Bhiwani Khera
	Bhurewala
	Cheeka
	Chhapra
	Dahar
	Dinarpur
	Faridabad
	Fatehabad
	Garhi Sampla
	Garhi Sarai Namdarkalan
	Garnala
	Ghespur
	Gillan Khera
	Gurgaon
	Hissar
	Jai Singh Pura
	Jakhal
	Jhajjar
	Jind
	Kaithal
	Kakrali
	Kalka
	Kalpi
	Kanwala
	Karnal
	Kumharia
	Kundli
	Kurukshetra
	Magharpura
	Makrauli Khurd
	Manesar
	Mirzapur
	Nanaud
	Narnaul
	Narwana
	Palri Kalan
	Palwal
	Panchkula
	Panipat
	Panjlasha
	Ram Saran Majra
	Ratia
	Rawaldhi
	Rewari
	Rohtak
	Sadaura
	Safidon
	Saraswati Khera
	Sherpur
	Sirsa
	Sonipat
	Taranwali
	Teha
	Tibbi Majra
	Todarpur
	Tohana
	Yamunanagar
Himachal Pradesh	Baddi
	Mandi
	Shimla
	Solan
	Una
Jammu & Kashmir	Anantnag
	Jammu
	Leh
	Srinagar
	Udhampur
Jharkhand	Bokaro
	Chaibasa
	Chas
	Chirkunda
	Daltonganj
	Deoghar
	Dhanbad
	Dumka
	Gamaria
	Ghatshila
	Giridih
	Gumia
	Hazaribagh
	Jamshedpur
	Kodarma
	Mango
	Patratu
	Ramgarh
	Ranchi
Karnataka	Arsikere
	Athni
	Bagalkot
	Bailhongal
	Bangalore
	Basavakalyan
	Belgaum
	Bellary
	Bhadravati
	Bidadi
	Bidar
	Bijapur
	Chamarajanagar
	Channarayapatna
	Chickmagalur
	Chikballapur
	Chikodi
	Chintamani
	Chitradurga
	Davangere
	Devadurga
	Devanahalli
	Dod Ballapur
	Gadag
	Gangawati
	Gokak
	Gottagodi
	Gulbarga
	Hassan
	Haveri
	Hoskote
	Hospet
	Hubli-Dharwad
	Jamkhandi
	Jinnur
	Karwar
	Kolar
	Kollegal
	Koppal
	Kundapura
	Kushalnagar
	Kushtagi
	Mandya
	Mangalore
	Manipal
	Manvi
	Marlanhalli
	Moodbidri
	Mudhol
	Mysore
	Nelamangala
	Nipani
	Puttur
	Raichur
	Ramanagara
	Ranibennur
	Sagar
	Saidapur
	Sandur

State/ UT	Centre
	Sedam
	Shahpur
	Shimoga
	Sindhnur
	Sirsi
	Siruguppa
	Tavargeri
	Tiptur
	Tumkur
	Udupi
	Yadgir
Kerala	Adoor
	Alappuzha
	Aluva
	Angamaly
	Attingal
	Changanasseri
	Irinjalakuda
	Kalamaserry
	Kanhangad
	Kannur
	Kasargod
	Kazhakuttam
	Kochi
	Kollam
	Kothamangalam
	Kottakkal
	Kottarakkara
	Kottayam
	Kozhikode
	Malappuram
	Manjeri
	Mavelikkara
	Nedumangad
	Nilambur
	North Paravur
	Palai
	Palakkad
	Pathanamthitta
	Payyannur
	Perinthalmanna
	Perumbavoor
	Sulthanbathery
	Taliparamba
	Thalassery
	Thiruvananthapuram
	Thodupuzha
	Thrikkakara
	Thrippunithura
	Thrissur
	Tirur
	Tiruvalla
	Vadakara
Madhya Pradesh	Alirajpur
	Ashok Nagar
	Balaghat
	Barwani
	Beetul
	Bhind
	Bhopal
	Bicholi Hapsi
	Bina
	Burhanpur
	Chhatarpur
	Chhindwara
	Dabra
	Damoh
	Datia
	Dewas
	Dhar
	Gawli Palasia
	Guna
	Gwalior
	Harda
	Hoshangabad
	Indore
	Itarsi
	Jabalpur
	Jhabua
	Kalapipal
	Katara
	Katni
	Khandwa
	Khargone
	Lasudia Mori
	Maihar
	Majhuali
	Mandla
	Mandsaur
	Morena
	Nagda
	Narsimhapur
	Neemuch
	Pipariya
	Pithampur
	Raisen
	Rajgarh
	Ratlam
	Rau
	Rewa
	Sagar
	Satna
	Sehore
	Sendhwa
	Seoni
	Shahdol
	Shahpura
	Shajapur
	Sheopur
	Shivpuri
	Sidhi
	Singrauli
	Tikamgarh
	Ujjain
	Vidisha
	Waidhan
Maharashtra	Ahmednagar
	Akluj
	Akola
	Alibag
	Ambernath
	Amravati
	Aurangabad
	Badlapur
	Ballarpur
	Baramati
	Barshi
	Beed
	Bhandara
	Bhigwan
	Bhiwandi
	Bhusawal
	Boisar
	Buldhana
	Chakan
	Chalisgaon
	Chandrapur
	Chiplun
	Daund
	Devalali
	Dhule
	Dindori
	Dombivali
	Ghoti
	Gondia
	Hinghanghat
	Hingna
	Hingoli
	Hinjewadi
	Ichalkaranji
	Islampur
	Jalgaon
	Jalna
	Kagal
	Kalyan
	Karad
	Khamgaon
	Khed-Shivapur
	Kolhapur
	Lasalgaon

State/ UT	Centre
	Latur
	Malegaon
	Malkapur
	Mira-Bhayander
	Miraj
	Mumbai
	Murbad
	Nagpur
	Nalasopara
	Nanded
	Nandurbar
	Nashik
	Navi Mumbai (Thane)
	Navi Mumbai (Raigad)
	Osmanabad
	Pandharpur
	Panvel
	Paratwada
	Parbhani
	Pen
	Phaltan
	Pimpalgaon
	Pimpri Chinchwad
	Pune
	Rahuri-Khurd
	Ratnagiri
	Sangamner
	Sangli
	Satara
	Shikrapur
	Shirdi
	Shirur
	Shrirampur
	Sinnar
	Solapur
	Tasgaon
	Thane
	Tuljapur
	Udgir
	Ulhasnagar
	Vasai
	Virar
	Wadi
	Wai
	Waluj
	Wani
	Wardha
	Washim
	Yavatmal
	Yevla
	Yewat
Manipur	Churachandpur
	Imphal (East)
	Imphal (West)
Meghalaya	Jowai
	Shillong
	Tura
Mizoram	Aizawl
Nagaland	Dimapur
	Kohima
	Mokokchung
	Wokha
Orissa	Angul
	Balasore
	Barbil
	Bargarh
	Baripada
	Basuaghai
	Berhampur
	Bhadrak
	Bhanjanagar
	Bhawanipatna
	Bhubaneswar
	Bolangir
	Boudhgarh
	Chandanpur
	Chandikhole
	Cuttack
	Deogarh
	Dhamraport
	Dharamgarh
	Dhenkanal
	Dumuduma
	Gopalpur
	Gunupur
	Jagatpur
	Jagatsinghpur
	Jajpur
	Jaleswar
	Jatni
	Jeypore
	Jharsuguda
	Kalarhanga
	Kantabanji
	Kendrapara
	Keonjhar
	Khordha
	Koraput
	Kundra
	Lunahar
	Malkangiri
	Mancheswar
	Nabrangpur
	Nawapara (Nuapada)
	Nayagarh
	Nimapara
	Paradip
	Parlakhemundi
	Phulbani
	Puri
	Rairangpur
	Rajgangpur
	Rayagada
	Rourkela
	Sambalpur
	Sonepur
	Sundargarh
	Talcher
	Titlagarh
	Umerkote
Pondicherry UT	Karaikal
	Pondicherry
Punjab	Abohar
	Adampur
	Adamwal
	Adda Dhaka
	Ajnala
	Amloh
	Amritsar
	Bagha Purana
	Ballo Majra
	Ballopur
	Banga
	Baran Hara
	Barnala
	Batala
	Bathinda
	Begowal
	Bhatta Dhua
	Bhogpur
	Bikhiwind
	Budhlada
	Changal
	Chatt
	Chau Majra
	Cheeda
	Chogawan
	Dalamwal
	Dasuya
	Dera Baba Nanak
	Derabassi
	Devigarh
	Dhariwal
	Dhilwan
	Dhuri
	Dinanagar
	Dohlron
	Faridkot
	Fatehgarh Churian
	Fatehgarh Sahib
	Fazilka
	Ferozepur

State/ UT	Centre
	Gardhiwala
	Garhshankar
	Gehri Mandi
	Gill Patti
	Gobindgarh
	Goraya
	Gurdaspur
	Gureh
	Hoshiarpur
	Hukumat Singh Wala
	Jagraon
	Jalandhar
	Jassian
	Jeeda
	Jhabal Kalan
	Jian
	Kangniwal
	Kapurthala
	Kartarpur
	Katar Singhwala
	Khadaur Sahib
	Khanna
	Kheri Jattan
	Kotkapura
	Kukkar Majra
	Kurarhi
	Lakhnaur
	Lambra
	Landran
	Ludhiana
	Majitha
	Malerkotla
	Malout
	Manakwal
	Mangli Nichhi
	Mansa
	Mavi Kalan
	Mehron
	Miani Khas
	Moga
	Mohali
	Mowai
	Mukerian
	Muktsar
	Multania
	Mundian Kalan
	Nabha
	Nagra
	Nakodar
	Nawan Purba
	Nawanshahr
	Pathankot
	Patiala
	Patti
	Phagwara
	Phillaur
	Phuglana
	Phullanwala
	Qadian
	Raikot
	Raipur Kalan
	Rajpura
	Ramasara
	Ramnagar
	Ranian
	Rayya
	Rupnagar
	Rurki Kalan
	Sahnewal
	Sailkiana
	Samana
	Samrala
	Sangal Sohal
	Sangrur
	Sarsini
	Shahkot
	Sher Khan Wala
	Sri Hargobindpur
	Sudhar
	Sultanpur Lodhi
	Sunam
	Tarn Taran
	Theri
	Threeke
	Tung
	Urmar Tanda
Rajasthan	Abu Road
	Ajmer
	Alwar
	Balotra
	Bandikui
	Banswara
	Baran
	Barmer
	Bayana
	Beawar
	Behror
	Bhadra
	Bharatpur
	Bhilwara
	Bhiwadi
	Bikaner
	Bilara
	Bundi
	Chirawa
	Chittaurgarh
	Churu
	Dausa
	Deeg
	Didwana
	Dungarpur
	Ganganagar
	Hanumangarh
	Jaipur
	Jalore
	Jhalawar
	Jhunjhunu
	Jodhpur
	Khairthal
	Khandela
	Khatoo Shyamji
	Kherli
	Kishangarh Bas
	Kota
	Lachhmangarh
	Lalsot
	Losal
	Mahwa
	Mandawa
	Merta City
	Mukandgarh
	Nadbai
	Nagar
	Nagaur
	Nathdwara
	Neem-Ka-Thana
	Nohar
	Pali
	Phalodi
	Pilani
	Pilibanga
	Pipar City
	Rajgarh
	Ramgarh
	Rawatbhata
	Rawatsar
	Reengus
	Sagwara
	Sangaria
	Sardarshahar
	Sawai Madhopur
	Sikar
	Sri Madhopur
	Tijara
	Tonk
	Udaipur
Sikkim	Gangtok
	Namchi
	Rangpo
	Ranipool
Tamil Nadu	Alandur
	Ambattur

State/ UT	Centre
	Ammapettai
	Anaikudam
	Anthiyur
	Appakudal
	Aranthangi
	Arni
	Aruppukottai
	Attur
	Avadi
	Ayothiapatinam
	Bodhupatty
	Chengalpattu
	Chennai
	Chidambaram
	Coimbatore
	Cuddalore
	Cumbum
	Dharapuram
	Dharmapuri
	Dindigul
	Edanganasalai
	Edappadi
	Eraiyur
	Erode
	Gudiyatham
	Hosur
	Ilanji
	Irungattukottai
	Kallakkurichi
	Kancheepuram
	Kandeertheertham
	Kangeyam
	Karaikudi
	Karamadai
	Karumathampatti
	Karur
	Kelambakkam
	Kethaiurambu
	Korattur
	Kottur
	Krishnagiri
	Kulumur
	Kumbakonam
	Labbaikudikadu
	Lalgudi
	Madurai
	Maduranthakam
	Mallasamudram
	Manachanallur
	Manapparai
	Mannargudi
	Mayiladuthurai
	Mecheri
	Medavakkam
	Merpanaikadu
	Mettunasuvampalayam
	Mettupalayam
	Mettur
	Mullipuram
	Musiri
	Muthuservamadam
	Nagapattinam
	Nagercoil
	Nallikaundanpalayam
	Nasiyanur
	Omalur
	Ooty
	Oriyur
	Palayamkottai
	Palladam
	Pallavaram
	Paramkudi
	Pattukottai
	Perambalur
	Periasemur
	Perungudi
	Pollachi
	Poonamallee
	Porur
	Pudukkottai
	Rajapalayam
	Ramanathapuram
	Rasipuram
	Salem
	Sankari
	Sarkarsamakulam
	Sathyamangalam
	Sembakkam
	Sevugampatti
	Sirugamani
	Sivakasi
	Srirangam
	Taramangalam
	Thanjavur
	Theni
	Thirukalambur
	Thirukarungudi
	Thiruvallur
	Thiruvarur
	Thiruvottiyur
	Thondamuthur
	Thoraipakkam
	Thuraiyur
	Tiruchengode
	Tiruchirapalli
	Tirunelveli
	Tirupur
	Tiruttani
	Tiruvannamalai
	Tuticorin
	Varanavasi
	Vazhapadi
	Veerapatti
	Vellakoil
	Vellore
	Vembarpatti
	Villupuram
	Virudhunagar
Tripura	Agartala
	Bishalgarh
	Dharmanagar
	Udaipur
Uttar Pradesh	Agra
	Aligarh
	Allahabad
	Amroha
	Aonla
	Atrauli
	Azamgarh
	Badaun
	Baghpat
	Baheri
	Bahraich
	Ballia
	Balrampur
	Banda
	Bansi
	Barabanki
	Bareilly
	Basti
	Bhadohi
	Bhaisana
	Bijnor
	Bilaspur
	Bulandshahr
	Chandausi
	Deoria
	Dhampur
	Etah
	Etawah
	Faizabad
	Farrukhabad
	Fatehpur
	Firozabad
	Gajraula
	Ghaziabad
	Ghazipur
	Gonda
	Gorakhpur
	Hapur
	Hardoi
	Hathras

State/ UT	Centre
	Jaunpur
	Jhansi
	Kannauj
	Kanpur
	Khalilabad
	Khatauli
	Khurja
	Kosikalan
	Lakhimpur-Kheri
	Lalitpur
	Lucknow
	Maharajganj
	Mahoba
	Mainpuri
	Mathura
	Maunath Bhanjan
	Meerut
	Mirzapur
	Moradabad
	Muzaffarnagar
	Najibabad
	Noida
	Padrauna
	Palia Kalan
	Pilibhit
	Pratapgarh
	Puranpur
	Rae Bareli
	Rampur
	Renukoot
	Saharanpur
	Sambhal
	Shahjahanpur
	Shikhohabad
	Sirsaganj
	Sitapur
	Sultanpur
	Unnao
	Varanasi
	Vrindavan
Uttarakhand	Bazpur
	Bhaisia
	Dehradun
	Gangoowala
	Haridwar
	Kashipur
	Kichha
	Makanpur Mahmood Alampur
	Mussoorie
	Pandri
	Rishikesh
	Roorkee
	Rudrapur
	Talli Haldwani
West Bengal	Alipurduar
	Amtala
	Andul
	Arambagh
	Asansol
	Bagnan
	Baharampur
	Baidyabati
	Bally
	Balurghat
	Bankura
	Baranagar
	Barasat
	Barddhaman
	Barrackpore
	Baruipur
	Basirhat
	Belghoria
	Binnaguri
	Bolpur
	Bongaon
	Boral
	Chandernagore
	Chinsurah
	Contai
	Dakshineswar
	Dalkhola
	Dankuni
	Dareeiling
	Dhupguri
	Diamond Harbour
	Domjur
	Dum Dum
	Durgapur
	Farakka
	Fulia
	Guskara
	Habra
	Haldia
	Howrah
	Islampur
	Jaigaon
	Jalpaiguri
	Jangipur
	Jaynagar Mazilpur
	Kalimpong
	Kalna
	Kalyani
	Kanchrapara
	Kandi
	Katwa
	Kharagpur
	Khardaha
	Koch Bihar
	Kolkata
	Konnagar
	Krishnanagar
	Madhyamgram
	Mahestala
	Malda
	Maslandpur
	Medinipur
	Memari
	Nabadwip
	Nabapally
	Naihati
	Narendrapur
	New Barrackpore
	New Garia
	Nimta
	Panagarh
	Pandua
	Panihati
	Panskura
	Puruliya
	Raiganj
	Rajarhat
	Rajpur-Sonarpur
	Rampurhat
	Ranaghat
	Raniganj
	Rishra
	Sainthia
	Salt Lake
	Serampore
	Shyamnagar
	Siliguri
	Singur
	Suri
	Tamluk
	Tarakeswar
	Uttarpara
Grand Total	1263
Overseas	Singapore
	Hong Kong
	Dubai
	Shanghai
	Abu Dhabi
	Colombo

Progress on...

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