Progress on...

AXIS BANK

ANNUAL REPORT 2011-12

Bank of the Year - India
The Banker Awards 2011

Best Bank - Private Sector
NDTV Profit Business Leadership Awards

Best Bank - 2011
Outlook Money

Brand Excellence Award 2011(BFSI)
Star News

The Most Consistent Large Bank
Best Banks - 2011 survey by Business Today and KPMG

Most Preferred Bank Amongst Retail Consumers
CLSA survey on personal banking trends

Most Productive Private Sector Bank
FIBAC 2011 Banking Awards

3rd Strongest Bank in Asia-Pacific Region
Asian Banker

The Best Domestic Bank - India
The Asset Triple A Country Awards 2011

The Best Domestic Bond House - India
The Asset Triple A Country Awards 2011

Best Risk Master (Private Sector category)
FIBAC 2011 Banking Awards

Best Bond House India - 2011
Finance Asia

There is only one thing more fulfilling than the awards we won in 2011
Your Smile

Every award follows a different methodology. Please refer to the respective awards website to know more.

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MANAGING DIRECTOR & CEO'S LETTER TO THE SHAREHOLDERS

I am delighted to report that your Bank has delivered another year of consistent growth in business volumes, revenues and profits during a period of slower GDP growth, tight liquidity and relatively high interest rates. The Bank has built its business upon the trust of millions of customers who avail of its products and services through a distribution network of 1,622 branches and 9,924 ATMs spread across 1,050 centres in the country.

The retail deposit base continues to be the cornerstone of the growth strategy of the Bank and it has performed well in a challenging environment, reflecting the quality of our customer franchise. I am also happy to report that the Bank's assets are healthy and growing satisfactorily. It remains the endeavor of your Bank to offer a full suite of high quality products and services to our customers to meet their evolving financial needs.

The Bank continues to balance growth with profitability and this is evidenced in the healthy return on assets and return on equity reported for the year. I am happy to report that your Bank's performance has been acclaimed, both in the country as well as overseas, the recent Bank of the Year: India 2011 award from the Banker magazine, UK being one such acknowledgement.

Looking ahead, I have strong conviction in the secular growth opportunity that our country presents, notwithstanding mid-course adjustments in the near term. Your Bank is well-positioned not just to cope with the near-term headwinds, but also to capture the medium to long term prospects. I take this opportunity to express our deep appreciation of your support and association with the Bank and also to convey that we remain committed to delivering value to all our stakeholders.

Shikha Sharma
27th April, 2012

BOARD OF DIRECTORS*

Adarsh Kishore	Chairman
Shikha Sharma	Managing Director and CEO
Rama Bijapurkar	Director
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
P. J. Oza	Company Secretary

THE CORE MANAGEMENT TEAM*

V. Srinivasan	Executive Director (Corporate Banking)
Somnath Sengupta	Executive Director and CFO
Snehomoy Bhattacharya	Executive Director (Human Resources)
R. K. Bammi	Executive Director (Retail Banking)
P. Mukherjee	President - Treasury & International Banking
S. S. Bajaj	President & Chief Audit Executive
Vinod George	President - Wholesale Banking Operations
M. V. Subramanian	President - Rural and Inclusive Banking
S. K. Mitra	President - Distribution
B. Gopalakrishnan	President - Law
Bapi Munshi	President & Chief Risk Officer
C. Babu Joseph	Executive Trustee & CEO - Axis Bank Foundation
Sanjeev K. Gupta	President - Finance & Accounts and Investor Relations
V. K. Bajaj	President - Mid Corporates
Sidharth Rath	President - Infrastructure Business
A. R. Gokulakrishnan	President - Stressed Assets
Rajendra D. Adsul	President - SME
R. V. S. Sridhar	President (IT & Retail Banking Operations)
Lalit Chawla	President - Corporate Credit
Rajesh Kumar Dahiya	President - Human Resources
Nilesh Shah	President - Investment Banking

*as on 27 April 2012

M/s Deloitte Haskins & Sells — Auditors
Chartered Accountants

M/s Karvy Computershare Private Limited — Registrar and Share Transfer Agent
UNIT : AXIS BANK LIMITED
Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081
Tel. No. : 040-23420815 to 23420824 Fax No. : 040-23420814
Email: einward.ris@karvy.com

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, rajendra.swaminarayan@axisbank.com
Web site : www.axisbank.com

Corporate Office :
Axis House, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025
Tel. No. : 022-24252525/43252525 and Fax No. : 022-43251800

SNAP SHOT OF KEY FINANCIAL INDICATORS : 2008 - 2012

(₹ in crores)

FINANCIAL HIGHLIGHTS	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	CAGR (5 Years)
Total Deposits	87,626.22	117,374.11	141,300.22	189,237.80	**220,104.30**	30.22%
- Saving Bank Deposits	19,982.41	25,822.12	33,861.80	40,850.31	**51,667.96**	33.63%
- Current Account Deposits	20,044.58	24,821.61	32,167.74	36,917.09	**39,754.07**	28.60%
Total Advances	59,661.14	81,556.77	104,340.95	142,407.83	**169,759.54**	35.71%
- Retail Advances	13,591.68	16,051.78	20,820.73	27,759.23	**37,570.33**	33.30%
Total Investments	33,705.10	46,330.35	55,974.82	71,991.62	**93,192.09**	28.21%
Shareholders' Funds	8,768.50	10,213.59	16,044.45	18,998.83	**22,808.54**	46.39%
Total Assets/Liabilities	109,577.85	147,722.05	180,647.85	242,713.37	**285,627.79**	31.28%
Net Interest Income	2,585.35	3,686.21	5,004.49	6,562.99	**8,017.75**	40.43%
Other Income	1,795.49	2,896.88	3,945.78	4,632.13	**5,420.22**	39.94%
Operating Revenue	4,380.84	6,583.09	8,950.27	11,195.12	**13,437.97**	40.23%
Operating Expenses	2,154.92	2,858.21	3,709.72	4,779.43	**6,007.10**	37.67%
Operating Profit	2,225.92	3,724.88	5,240.55	6,415.69	**7,430.87**	42.52%
Provisions and Contingencies	1,154.89	1,909.52	2,726.02	3,027.20	**3,188.66**	39.44%
Net Profit	1,071.03	1,815.36	2,514.53	3,388.49	**4,242.21**	45.12%

FINANCIAL RATIOS	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012
Earnings Per Share (Basic) (in ₹)	32.15	50.61	65.78	82.95	**102.94**
Book Value (in ₹)	245.14	284.50	395.99	462.77	**551.99**
Return on Equity	16.09%	19.93%	19.89%	20.13%	**21.22%**
Return on Assets	1.24%	1.44%	1.67%	1.68%	**1.68%**
Capital Adequacy Ratio (CAR)	13.73%	13.69%	15.80%	12.65%	**13.66%**
Tier I Capital (CAR)	10.17%	9.26%	11.18%	9.41%	**9.45%**
Dividend Per Share (in ₹)	6.00	10.00	12.00	14.00	**16.00**
Dividend Payout Ratio	23.49%	23.16%	22.57%	19.78%	**18.15%**

HIGHLIGHTS

Profit after tax up 25.19% to ₹4,242.21 crores

Net Interest Income up 22.17% to ₹8,017.75 crores

Fee & Other Income up 22.33% to ₹5,058.66 crores

Deposits up 16.31% to ₹220,104.30 crores

Demand Deposits up 17.56% to ₹91,422.03 crores

Advances up 19.21% to ₹169,759.54 crores

Retail Assets up 35.34% to ₹37,570.33 crores

Network of branches and extension counters increased from 1,390 to 1,622

Total number of ATMs went up from 6,270 to 9,924

Net NPA ratio as a percentage of net customer assets down to 0.25% from 0.26%

Earnings per share (Basic) increased from ₹82.95 to ₹102.94

Proposed Dividend up from 140% to 160%

Capital Adequacy Ratio stood at 13.66% as against the minimum regulatory norm of 9%

DIRECTORS' REPORT: 2011-12

The Board of Directors is pleased to present the Eighteenth 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 2012.

FINANCIAL PERFORMANCE

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

(₹ in crores)

PARTICULARS	2011-12	2010-11	GROWTH
Deposits	220,104.30	189,237.80	16.31%
Out of which			
• Savings Bank Deposits	51,667.96	40,850.31	26.48%
• Current Account Deposits	39,754.07	36,917.09	7.68%
Advances	169,759.54	142,407.83	19.21%
Out of which			
• Retail Advances	37,570.33	27,759.23	35.34%
• Non-retail Advances	132,189.21	114,648.60	15.30%
Total Assets/Liabilities	285,627.79	242,713.37	17.68%
Net Interest Income	8,017.75	6,562.99	22.17%
Other Income	5,420.22	4,632.13	17.01%
Out of which			
• Trading Profit (1)	361.56	496.97	(27.25%)
• Fee and other income	5,058.66	4,135.16	22.33%
Operating Expenses (excluding depreciation)	5,664.86	4,489.84	26.17%
Profit before depreciation, provisions and tax	7,773.11	6,705.28	15.93%
Depreciation	342.24	289.59	18.18%
Provision for Tax	2,045.63	1,747.17	17.08%
Other Provisions and Write offs	1,143.03	1,280.03	(10.70%)
Net Profit	4,242.21	3,388.49	25.19%
Appropriations:			
Transfer to Statutory Reserve	1,060.55	847.12	25.19%
Transfer to/(from) Investment Reserve	-	(14.94)	-
Transfer to Capital Reserve	51.90	4.76	-
Transfer to/(from) General Reserve	-	338.85	-
Proposed Dividend	770.08	670.36	14.88%
Surplus carried over to Balance Sheet	2,359.68	1,542.34	52.99%

(1) Excluding Merchant Exchange Profit

KEY PERFORMANCE INDICATORS	2011-12	2010-11
Interest Income as a percentage of working funds*	8.71%	7.49%
Non-Interest Income as a percentage of working funds*	2.15%	2.29%
Net Interest Margin	3.59%	3.65%
Return on Average Net Worth	21.22%	20.13%
Operating Profit as a percentage of working funds*	2.94%	3.17%
Return on Average Assets	1.68%	1.68%
Profit per employee**	₹14.34 lacs	₹14.35 lacs
Business (Deposits less inter-bank deposits + Advances) per employee**	₹12.76 crores	₹13.66 crores
Net non-performing assets as a percentage of net customer assets***	0.25%	0.26%

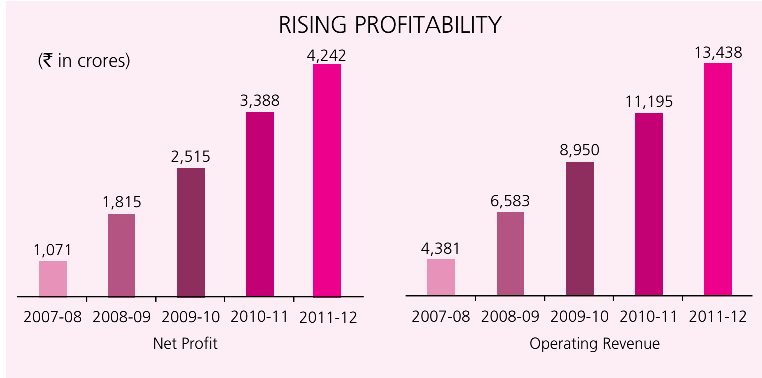
* Working funds represent average total assets.

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

*** Customer assets include advances and credit substitutes.

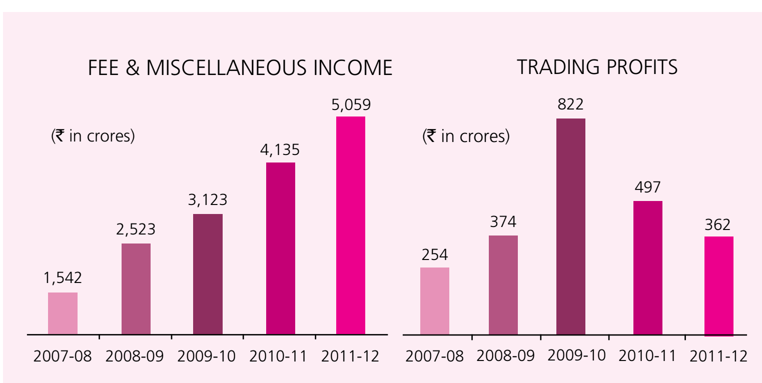
Previous year figures have been regrouped wherever necessary.

The Bank continued to show a steady growth both in business and earnings with a net profit of ₹4,242.21 crores for the year ended 31st March 2012, registering a growth of 25.19% over the net profit of ₹3,388.49 crores last year. The strong growth in earnings was a result of robust business growth across all banking segments indicative of a clear strategic focus. During the year, the Basic Earnings Per Share (EPS) was at ₹102.94 and a Return on Equity (ROE) at 21.22%.



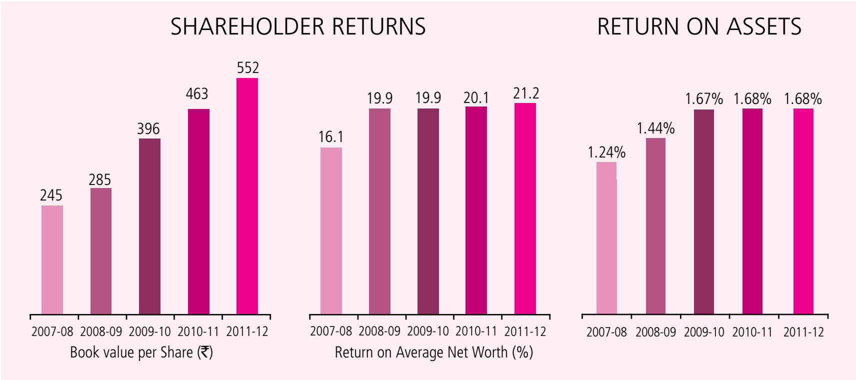
During the year, the total income of the Bank increased by 38.55% to reach ₹27,414.87 crores as compared to ₹19,786.94 crores last year. Operating revenue increased by 20.03% to ₹13,437.97 crores while operating profit increased by 15.82% to ₹7,430.87 crores. The growth in earnings was mainly due to a rise in core income streams such as net interest income (NII) and fee income. NII increased by 22.17% to ₹8,017.75 crores as compared to ₹6,562.99 crores last year. Fee, trading and other income increased by 17.01% to ₹5,420.22 crores from ₹4,632.13 crores last year. The strong growth in income was partly offset by an increase in operating expenses including depreciation by 25.69% to ₹6,007.10 crores.

During the year, the growth in NII may be attributed to an expansion in the balance sheet size and healthy low-cost Current Account and Savings Bank (CASA) deposits. The total earning assets on a daily average basis increased by 24.30% to ₹223,206 crores, as compared to ₹179,573 crores last year. This was partly offset by a rise in funding costs due to hardening of general interest rates, particularly on term deposits during the year. The steady growth of low-cost CASA deposits, which on a daily average basis increased by 18.96% to ₹70,845 crores from ₹59,551 crores last year, helped in containing the cost of funds. Overall, the daily average cost of funds in the year increased to 6.28% from 4.96% last year. During the year, the cost of deposits increased to 6.47% from 4.96% last year primarily due to an increase in cost of term deposits by 211 basis points (from 6.81% to 8.92%) as well as the cost of savings bank deposits. During the year, the yield on earning assets increased by 125 basis points to 9.66% from 8.41% last year.



Other income comprising fees, trading profit and miscellaneous income increased by 17.01% to ₹5,420.22 crores in 2011-12 from ₹4,632.13 crores last year and constituted 40.34% of operating revenue of the Bank. Fee income is a significant part of the earnings and is generated from a diverse set of businesses in the Bank. The main sources of fee income are client-based merchant foreign exchange trade, service charges from account maintenance, 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 fell by 27.25% to ₹361.56 crores from ₹496.97 crores last year, owing to adverse market conditions in the debt and equity markets. Miscellaneous income dropped by 3.79%, mainly due to lower recoveries of loans written-off in earlier years. During the year, such recoveries accounted to ₹291.84 crores.

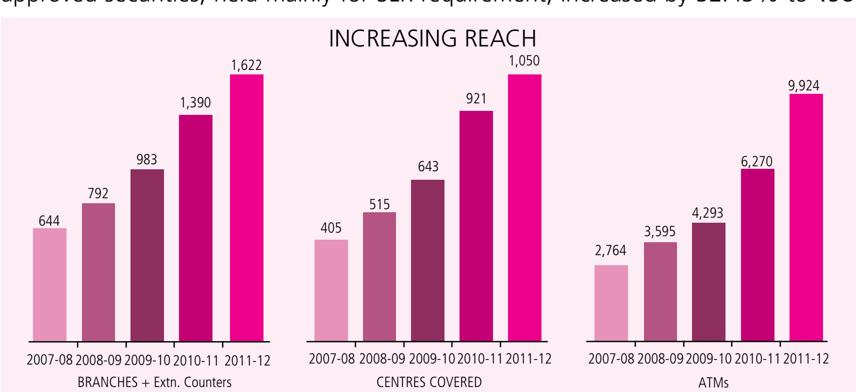
During the year, the operating revenue of the Bank increased by 20.03% to ₹13,437.97 crores, as compared to ₹11,195.12 crores last year. The core income streams (NII, fee and miscellaneous income) constituted 97.31% of the operating revenue, reflecting the stability and sustainability of the Bank's earnings. Operating expenses increased by 25.69% to ₹6,007.10 crores from ₹4,779.43 crores last year, 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 44.70% compared to 42.69% last year.



During the year, the operating profit of the Bank increased by 15.82% to ₹7,430.87 crores from ₹6,415.69 crores last year. During this period, the Bank created total provisions (excluding provisions for tax) of ₹1,143.03 crores compared to ₹1,280.03 crores last year. Of this, the Bank provided ₹860.43 crores towards loan/investment losses compared to ₹955.12 crores last year, while the provision for standard assets was ₹150.30 crores. The Bank also provided ₹88.86 crores compared to ₹15.06 crores last year against restructured assets. During the year, the Bank restructured loans of ₹1,300.29 crores. The Bank continued to maintain a healthy asset-quality with a ratio of Gross NPAs to gross customer assets of 0.94%, as compared to 1.01% last year, and a Net NPA ratio (Net NPAs as percentage of net customer assets) of 0.25% compared to 0.26% last year. With higher levels of provisions built over and above regulatory norms during the year, the Bank has maintained its provision coverage to 80.91% (after considering prudential write-offs).

The Bank has also shown an all-round improvement in various financial parameters and ratios during the year. Basic Earnings Per Share (EPS) was ₹102.94 as compared to ₹82.95 last year, while the Diluted Earnings Per Share was ₹102.20 compared to ₹81.61 last year. Return on Equity (RoE) improved to 21.22% from 20.13% last year and Book Value Per Share increased from ₹462.77 to ₹551.99. Return on Assets (RoA) is maintained at 1.68% as last year. The hardening of interest rates led to a contraction in the net interest margin (NIM) by 6 basis points for the year to 3.59% from 3.65% last year. On quarter-on-quarter basis, the NIM was 3.28% in Q1, 3.78% in Q2, 3.75% in Q3 and 3.55% in Q4.

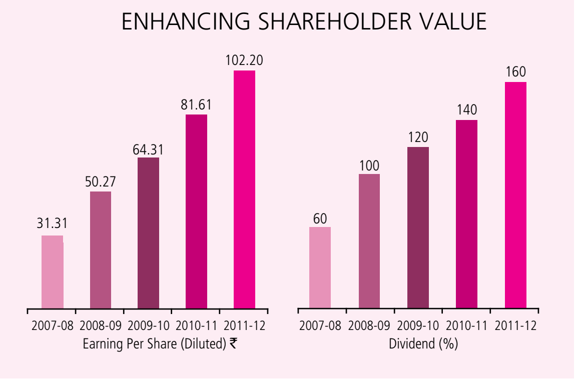
The Bank has shown robust growth in several key balance sheet parameters for the year ended 31st March 2012. The total assets increased by 17.68% to ₹285,628 crores on 31st March 2012 from ₹242,713 crores on 31st March 2011. Total deposits increased by 16.31% and stood at ₹220,104 crores. Savings Bank deposits increased by 26.48% to ₹51,668 crores, while Current Account deposits increased by 7.68% to ₹39,754 crores. Low-cost demand deposits: Current Accounts and Savings Bank (CASA) deposits were ₹91,422 crores as on 31st March 2012, as compared to ₹77,767 crores last year. As on 31st March 2012, CASA deposits constituted 41.54% of total deposits as compared to 41.10% last year. On a daily average basis, Savings Bank deposits increased by 20.43% to ₹43,442 crores, while Current Account deposits increased by 16.71% to ₹27,403 crores. The percentage share of CASA in total deposits, on a daily average basis, was 37.65% compared to 39.40% last year. The total advances of the Bank increased by 19.21% to ₹169,760 crores. Out of this, corporate advances (comprising large, infrastructure and mid-corporate accounts) increased by 19.93% to ₹91,053 crores and SME loans increased by 11.16% to ₹23,795 crores. Agricultural lending (including micro finance) stood at ₹17,340 crores, increasing 0.11% over the last year. Retail loans increased by 35.34% to ₹37,570 crores. The percentage share of retail loans to total advances has increased to 22.13% from 19.49% last year. The total investments of the Bank increased by 29.45% to ₹93,192 crores and investments in government and approved securities, held mainly for SLR requirement, increased by 32.43% to ₹58,533 crores. Other investments, including corporate debt securities, increased by 24.70% to ₹34,659 crores. As on 31st March 2012, the total assets of the Bank's overseas branches stood at ₹32,302 crores, constituting 11.31% of the Bank's total assets.



During the year, the Bank continued to expand its distribution network to enlarge its reach in geographical centres with potential for growth, especially in the areas with potential for low-cost CASA deposits, lending to retail, agriculture and SME segments and the distribution of third-party products. This year, the Bank has added 231 new branches and 1 extension counter, taking the total number of branches and extension counters (ECs) to 1,622, of which 674 branches/ECs are in semi-urban and rural areas and 948 branches are in metropolitan and urban areas. The Bank is present in all the States and Union Territories (except Lakshadweep), covering a total of 1,050 centres. The Bank has also increased its ATM network to 9,924, as compared to 6,270 ATMs last year. In addition to domestic branches, during the year the Bank opened an international branch office in Colombo, Sri Lanka to finance cross-border trade and manufacturing activities. This is in addition to the existing branches at Singapore, Hong Kong and DIFC (Dubai International Finance Centre) and representative offices at Shanghai, Dubai and Abu Dhabi.

CAPITAL & RESERVES

During the year, the Bank has raised capital of ₹3,425 crores by way of sub-ordinated bonds (unsecured redeemable non-convertible debentures) qualifying as Tier II capital. The raising of this non-equity capital has helped the Bank continue its growth strategy and has strengthened its capital adequacy ratio. The Bank is well capitalised with an overall capital adequacy ratio (CAR) of 13.66% 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 9.45%, as against 9.41% last year, while the Tier II CAR was at 4.21%, as against 3.24% last year.



During the year, a total of 2,658,109 equity shares were allotted to employees of the Bank pursuant to the exercise of options under its Employee Stock Option Scheme. The paid-up capital of the Bank rose to ₹413.20 crores, as compared to ₹410.55 crores last year. The shareholding pattern of the Bank as of 31st March 2012 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)	23.53
ii.	Life Insurance Corporation of India (LIC)	9.69(1)
iii.	General Insurance Corporation and four PSU insurance companies	4.16
iv.	Overseas investors (including FIIs/OCBs/NRIs)	33.19
v.	Foreign Direct Investment (GDR issue)	8.54
vi.	Other Indian financial institutions/mutual funds/banks	6.45
vii.	Others	14.44
	Total	**100.00**

(1) Save and except 4,00,40,156 shares equivalent to 9.69% 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 2011-12 has risen to ₹102.20 from ₹81.61 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 ₹16.00 per equity share, compared to ₹14.00 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. Shri J. R. Varma ceased to be a Director of the Bank at the conclusion of the last Annual General Meeting with effect from 17th June 2011. Shri S. K. Roongta, resigned as a Director of the Bank with effect from 20th June 2011. Shri R. B. L. Vaish tendered his resignation as a Director on completion of his tenure as LIC Nominee with effect from 5th September 2011. Shri S. K. Chakrabarti, Deputy Managing Director, retired from the services of the Bank on 30th September 2011 and accordingly ceased to be a Director of the Bank with effect from 1st October 2011. Shri M. V. Subbiah resigned as a director with effect from 26th April, 2012. Prof. Samir K. Barua, Director, Indian Institute of Management, Ahmedabad was appointed as an Additional Independent Director of the Bank with effect from 22nd July 2011. Shri A. K. Dasgupta was nominated by LIC as its Nominee Director in place of Shri R. B. L. Vaish and was accordingly appointed as an Additional Director of the Bank with effect from 5th September 2011. Shri Som Mittal, President of NASSCOM was appointed as an Additional Independent Director of the Bank with effect from 22nd October 2011. We report with sadness the demise of Dr. R. H. Patil who passed away on 12th April 2012. The Board of Directors places on record its deep appreciation and gratitude to Dr. R. H. Patil, Shri M. V. Subbiah, Shri J. R. Varma, Shri S. K. Roongta, Shri R. B. L. Vaish and Shri S. K. Chakrabarti for the valuable services rendered by them during their tenure as Directors of the Bank.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Bank, Smt. Rama Bijapurkar and Shri V. R. Kaundinya retire by rotation at the Eighteenth Annual General Meeting and, being eligible, offer themselves for re-appointment as Directors of the Bank.

The Board of Directors of the Bank at its meeting held on 13th February 2012, has re-appointed Smt. Shikha Sharma as Managing Director & CEO for a further period of three years i.e. from 1st June 2012 till 31st May 2015. The re-appointment is subject to approval of Reserve Bank of India and the shareholders. Further, the Board of Directors of the Bank at its meeting held on 27th April, 2012, has decided to appoint Shri V. Srinivasan and Shri Somnath Sengupta, Executive Directors of the Bank as the Whole-time Directors of the Bank with effect from the date as may be approved by RBI.

SUBSIDIARIES

The Bank has set up six wholly-owned subsidiaries: Axis Securities and Sales 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 Securities and Sales Ltd. is primarily in the business of marketing of credit cards and retail asset products and also provides retail broking services. The primary objective of Axis Securities and Sales Ltd. is to build a specialised force of sales personnel and optimise operational efficiency by providing greater control over the sales functions, as compared to a Direct Sales Agent (DSA) model as well as undertake retail broking business. 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. is a private limited company registered in the UK. It was formed with the main purpose of filing an application with Financial Services Authority (FSA), UK for a banking license in the UK and for the creation of necessary infrastructure for the subsidiary to commence banking business in the UK. As of 31st March 2012, Axis U.K. Ltd. has not commenced operations.

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 six subsidiaries have not been attached to the accounts of the Bank for the financial year ended 31st March 2012. 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 2012 are enclosed as an Annexure to this report.

PROPOSED ACQUISITION OF ENAM SECURITIES PVT. LTD.

On 17th November, 2010, the Board of Directors of the Bank had approved the acquisition of certain financial services business 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 have been 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 will now comprise (a) a demerger of the financial services businesses 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 30th March, 2012, conveyed its no objection to the Scheme. Further, on 27th April, 2012, the Board of Directors of the Bank have 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 will issue shares in the ratio of 5 equity shares of the Bank (aggregating 12,090,000 equity shares) of the face value of ₹10 each for every 1 equity share (aggregating 2,418,000 equity shares) of ₹10 each held by the shareholders of ESPL. The sale of the financial services business will be simultaneously undertaken from the Bank to ASSL for a cash consideration of ₹274 crores only. The appointed date under the Scheme is 1st April, 2010, and the parties shall proceed with filing the Revised Scheme and other necessary documents with the relevant High Courts and other regulatory authorities for their approval.

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.

The Bank's shareholders approved plans for the issuance of stock options to employees in February 2001, June 2004, June 2006, June 2008 and June 2010. 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 eleven 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 and 3,268,700 during 2011-12. 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 2012, 24,368,087 options had been exercised and 11,428,248 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 2012.
- 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.

AUDITORS

M/s Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Bank will retire on the conclusion of the Eighteenth 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 2012-13. 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 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 **Adarsh Kishore**
Date : 27th April, 2012 **Chairman**

ANNEXURE

STATUTORY DISCLOSURES REGARDING ESOP
(FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2012)

Options Granted	39,891,590
Options Exercised & Shares Allotted*	24,368,087
Options lapsed/cancelled	4,095,255
Total Options (in force) as on March 31, 2012	11,428,248
Options Vested	4,983,892
Money realised by exercise of options (₹ in lacs)	67,022.44

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

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 10 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 : 475,000 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 20 (AS-20) 'Earnings Per Share'	₹102.20 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 ₹1,200.11.
• Exercise price is greater than market price	Nil
• Exercise price is less than market price	Nil
Weighted average fair value of Options whose:	
• Exercise price equals market price	Weighted average fair value of the stock options granted during the year is ₹559.31.
• 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	₹147.16 crores
• Net Profit, if the employee compensation cost had been computed at fair value	₹4,095.05 crores
• Basic EPS, if the employee compensation cost had been computed at fair value	₹99.37 per share
• Diluted EPS, if the employee compensation cost had been computed at fair value	₹98.65 per share
Significant Assumptions used to estimate fair value	
• Risk free interest rate	8.05% to 8.10%
• Expected life	2 to 4 years
• Expected Volatility	39.43% to 53.33%
• Dividend Yield	1.23%
• Price of the underlying share in the market at the time of option grant	₹1,447.55

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sr. No.	Name of the Subsidiary Company	Financial year end of the subsidiary	Number of equity shares held by Axis Bank and/or its nominees in subsidiary as on 31 March 2012	Extent of interest of Axis Bank in the capital of the subsidiary	Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of Axis Bank Ltd. and is not dealt with in the accounts of Axis Bank Ltd. for the financial year ended 31 March 2012 (₹ in thousands)	Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the members of Axis Bank Ltd. and is dealt with or provided for in the accounts of Axis Bank Ltd. for the financial year ended 31 March 2012 (₹ in thousands)
1.	Axis Securities and Sales Limited	31-3-2012	120,000,000 shares of ₹10.00 each fully paid up	100%	(89,246)	Nil
2.	Axis Private Equity Limited	31-3-2012	15,000,000 shares of ₹10.00 each fully paid up	100%	8,492	Nil
3.	Axis Trustee Services Limited	31-3-2012	1,500,000 shares of ₹10.00 each fully paid up	100%	107,204	Nil
4.	Axis Mutual Fund Trustee Limited	31-3-2012	50,000 shares of ₹10.00 each fully paid up	100%	325	Nil
5.	Axis Asset Management Company Limited	31-3-2012	174,000,000 shares of ₹10.00 each fully paid up	100%	(215,933)	Nil
6.	Axis U.K. Limited	31-3-2012	1 share of £1 fully paid up	100%	-	Nil

For Axis Bank Ltd.

Adarsh Kishore
Chairman

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

Date : 27th April, 2012
Place: Mumbai

MANAGEMENT'S DISCUSSION AND ANALYSIS

MACRO-ECONOMIC ENVIRONMENT

Macro-economic conditions in fiscal 2011-12 continued to be challenging and the continuing uncertainties in the international financial markets had an impact on emerging market economies, including India. Sovereign risk concerns, particularly in the Euro zone, affected financial markets and a fear of defaults by some European countries along with a growth slowdown led to increased risk aversion. The year saw banks overseas reduce their debt exposure to emerging markets, causing a drop in fund flows to emerging markets, affecting India.

In India, managing growth and price stability emerged as key concerns. High and persisting inflation is perceived as a risk to sustaining the country's growth and it remained high during the most of the current fiscal year, though by year's end there was a decline. Initially confined to high food prices, inflationary pressures spilled over to other segments, particularly manufactured products. During the year, the dominating objective of RBI's monetary policy was to control inflation and curb inflationary expectations. As a consequence, RBI hiked the Repo rate from 6.75% to 8.50% (cumulatively 375 basis points between March 2010 and January 2012). Sustained rate increases resulted in a slowing down of investment and growth and GDP is estimated to have grown by 6.9% in fiscal 2011-12, having grown at a rate of 8.4% in each of the two preceding years. While agriculture and services continue to perform well, the slowdown in GDP during the year may be attributed to slower industrial growth. The gross domestic savings has declined, evidenced by a reduction in private savings, primarily household savings in financial assets. The reduction in the financial savings rate of households is partly attributed to inflationary tendencies that resulted in higher growth of private consumption expenditure.

The fiscal deficit for FY 2011-12 has been estimated at 5.9% against the budgetary estimate of 4.6%, the large gap explained by deceleration in tax revenues as well as increase in expenditure, particularly on account of fertiliser and petroleum subsidies. This has led to an increase in the government's borrowing programme. India's current account deficit (CAD) rose to record highs in the October to December quarter (Q3) of fiscal 2011-12, and has been comparatively high in the April to December period compared to earlier years. The current account deficit was a manifestation of domestic demand which kept imports high and the global slowdown, which adversely affected India's exports in the second half of fiscal. The high CAD was made worse by weakening capital flows, mostly due to weak portfolio investment flows which had thus far managed to compensate the trade deficit. As a result, the Balance of Payments position turned negative in Q3, the first quarter in which this has happened since the collapse of Lehman Brothers. This led to a depreciation of the Rupee and a sharp increase in the domestic liquidity deficit.

The banking sector, which remains the largest financial intermediary, saw a slowdown in deposit growth in fiscal 2011-12, primarily due to liquidity pressures and lower financial savings. While the credit off-take was lower than estimated, the subdued deposit growth has resulted in an increase in interest rates at the shorter end of the yield curve. The sovereign yield curve remained high due to the larger than expected magnitude of the Government's borrowing programme. Shorter term interest rates on private sector borrowings also stayed high due to the liquidity deficit.

Prospects for Fiscal 2012-13

The global environment is likely to continue to be an area of concern, although conditions have improved since the beginning of the last financial year. Growth is likely to improve in the second half of 2012 and may support the country's exports and increase access to global capital. India remains one of the fastest growing economies of the world, with a projected GDP growth rate of 7.6% +/- 0.25%. Falling inflation is also an encouraging factor with the average inflation forecast for FY 2012-13 at 7.5% compared to the average inflation of nearly 9% last year. There is an expectation that RBI may cut policy interest rates by 75-100 basis points in the course of the year (FY 2012-13) and combined with other measures such as further Open Market Operations (OMOs) and CRR cuts by the RBI as well as an increasein foreign currency inflows, this may lead to a drop in borrowing costs.

The benefit of lower borrowing costs on investment will also be reinforced by a reduced fiscal deficit, budgeted at 5.1% to GDP in fiscal 2012-13 through a capping of subsidies at 2% of GDP. This reduction would open up the scope for higher private sector investment and capex. On the external front, the CAD/GDP ratio is projected to be lower in FY 2012-13 compared to the previous year. The outlook for growth and price stability at this point looks more promising.

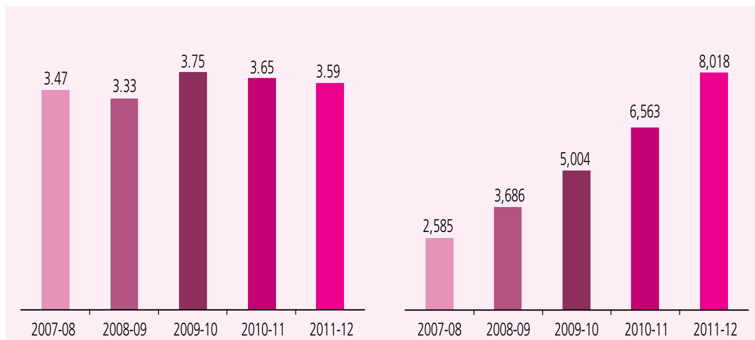
Trends in Credit, Deposit and Liquidity

As we have stated above, improving profitability, fiscal consolidation and moderating inflation are likely to increase domestic savings and create conditions for higher inflows of foreign capital, thereby improving liquidity. India's financial savings to GDP ratio in fiscal 2012-13 is likely to be higher than in the previous year, given an expected reallocation from physical assets to financial assets by the household sector as well as relatively better financial performance by the corporate sector.

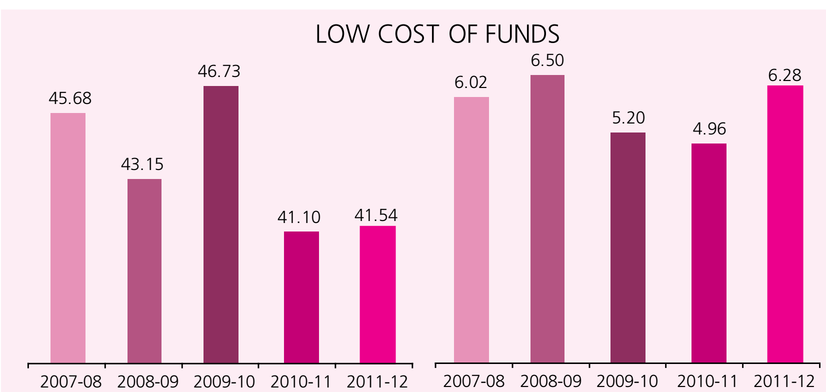
Aggregate deposits outstanding as on the 30th March 2012 were ₹61.12 lac crores, showing a year-on-year growth of 17.4%, while bank credit grew by 19.3% at ₹47.05 lac crores. A deposit growth of between 16% and 16.5% and a bank credit growth of around 17% is expected for FY 2012-13. Although there will be some diversion of demand for debt funds towards external commercial borrowings following the provisions in the Union Budget, the bulk of the increase will come into domestic credit.

OVERVIEW OF FINANCIAL AND BUSINESS PERFORMANCE

The Bank continued to perform well, both in terms of business growth as well as the financial results reported. The business model of the Bank and the customer-centric branch banking model adopted by it has not only helped maintain existing relationships but has also resulted in new business and customer acquisition, both in the retail and corporate segments. In the backdrop of several negative factors in the environment, including the slow-down of the economy, tightness of liquidity and hardening interest rates, the Bank has performed well, as stated above, by leveraging upon its basic strengths: an infrastructure of branches and other channels created for maximum reach, a well developed retail franchise and a number of key corporate relationships.



Net Interest Margins (%)
Net interest Income (₹. in crores)



Demand Deposits as % Share of Total Deposits
Cost of Funds (%)

The Bank recorded strong growth during the year, both of business volumes as well as revenues, with the net profit increasing by 25.19% to ₹4,242.21 crores from ₹3,388.49 crores last year. During the year, the total income of the Bank increased by 38.55% to ₹27,414.87 crores, while the operating revenue increased by 20.03% to ₹13,437.97 crores. During the period, operating profit increased by 15.82% to ₹7,430.87 crores. As on 31st March 2012, the total assets of the Bank stood at ₹285,628 crores, increasing by 17.68% over last year. While the total deposits of the Bank increased by 16.31% to ₹220,104 crores on 31st March 2012, the total advances rose by 19.21% to ₹169,760 crores. The total demand deposits (Savings Bank and Current Account deposits) increased by 17.56% to ₹91,422 crores, constituting 41.54% of the total deposits. The Bank continues to enhance shareholder value with the diluted earnings per share for the year increasing to ₹102.20 from ₹81.61 last year. As on 31st March 2012, the book value per share of the Bank increased to ₹551.99 from ₹462.77 last year.

CAPITAL MANAGEMENT

The Bank strives for continual enhancement of shareholder value by efficiently using capital in order to optimise return on equity. Aiming to achieve this objective, the Bank endeavours to develop an asset structure that will be sensitive to the importance of increasing the proportion of low risk weighted assets. The Bank's capital management framework helps ensure an appropriate composition of capital and an optimal mix of businesses.

During the year, the Bank raised capital aggregating ₹3,425 crores of Tier II Capital in the form of subordinated bonds (unsecured redeemable non-convertible debentures) to augment the overall capital base and maintain the momentum of business growth.

The Bank has implemented the Revised Framework of the International Convergence of Capital Measurement and Capital Standards (or Basel II) in 2008. In terms of RBI guidelines, capital charge for credit and market risk for the financial year ended 31st March 2012 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 has been computed under the Standardised Approach. As on 31st March 2012, the Bank's Capital Adequacy Ratio (CAR) under Basel II was 13.66% against 12.65% on 31st March 2011 and the minimum regulatory requirement of 9%. Of this the Tier I Capital Adequacy Ratio was 9.45%, as against 9.41% last year, while the Tier II Capital Adequacy Ratio was 4.21%. The following table sets forth the capital, risk-weighted assets and capital adequacy ratios computed as on 31st March 2011 and 2012 in accordance with the applicable RBI guidelines under Basel II.

(₹ in crores)

AS ON 31ST MARCH	2012	2011
Tier I Capital – Shareholders' Funds	21,886.11	18,503.49
Tier II Capital	9,758.84	6,366.86
Out of which		
- Bonds qualifying as Tier II capital	7,737.52	4,587.60
- Upper Tier II capital	1,374.74	1,242.80
- Other eligible for Tier II capital	646.58	536.46
Total Capital qualifying for computation of Capital Adequacy Ratio	31,644.95	24,870.35
Total Risk-Weighted Assets and Contingencies	231,711.39	196,562.61
Total Capital Adequacy Ratio (CAR)	13.66%	12.65%
Out of above		
- Tier I Capital	9.45%	9.41%
- Tier II Capital	4.21%	3.24%

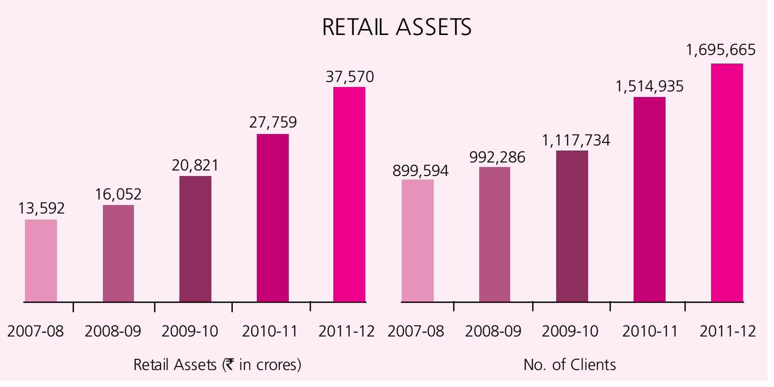
BUSINESS OVERVIEW

An overview of various business segments along with the performance during 2011-12 and their future strategies is presented below.

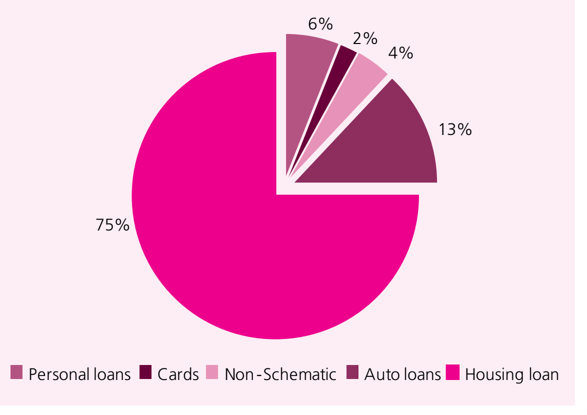
RETAIL BANKING

The Bank aims to increase its share in India's expanding financial services sector by continuing to strengthen its retail franchise. Retail Banking continued to be one of the key drivers of the Bank's growth strategy and it encompasses a wide range of products delivered to customers through multiple channels. The Bank offers a complete suite of products across deposits, loans, investment solutions, payments and cards to help customers achieve their financial objectives. The Bank has maintained its focus on product differentiation as well as a high level of customer-service to enable it to build its retail business.

The Bank has pursued an effective customer segmentation strategy over the years to develop the retail liabilities business and increase its retail deposit base, particularly Savings Bank and Current Account deposits. The Savings Bank deposits of the Bank grew to ₹51,668 crores as on 31st March 2012, against ₹40,850 crores last year, registering a strong growth of 26%, with the number of savings bank accounts growing to 119.35 lac on the 31st March 2012, registering a growth of 27% over the previous year. In the back drop of deregulation of interest rates on Savings Bank deposits by Reserve Bank of India (RBI), the growth is significant. Over a five-year period, Savings Bank deposits have grown at a Compounded Annual Growth Rate (CAGR) of 34%. On a daily average basis, Savings Bank deposits grew by 20% to ₹43,442 crores.



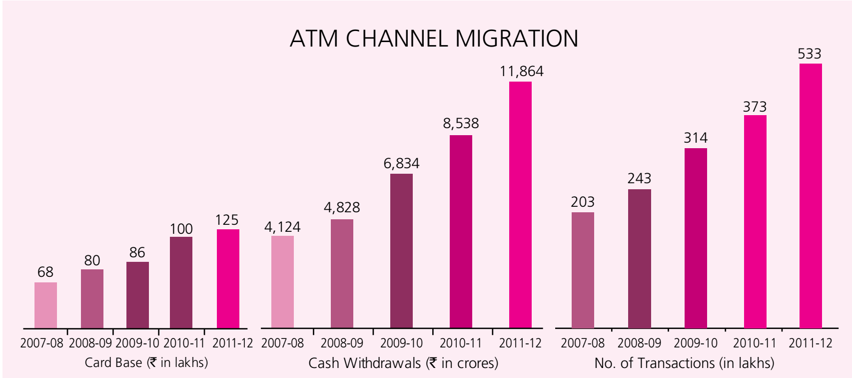
With an objective to widen the retail deposit base, the Bank continued to focus on retail term deposits which grew by 43% to ₹47,866 crores as on 31st March 2012, against ₹33,457 crores last year. As a result, the percentage share of retail term deposits to total term deposits has increased to 37% on 31st March 2012 from 30% last year. The share of aggregate retail deposits, comprising savings bank and retail term deposits in total deposits has increased to 45% on 31st March 2012 from 39% last year.



The Bank has also focused on increasing its share of retail loans in total loans. The retail assets portfolio of the Bank has increased to ₹37,570 crores as on 31st March 2012 from ₹27,759 crores last year, thereby registering a growth of 35%. Retail assets constituted 22% of the Bank's total loan portfolio as on 31st March 2012, against 19% at the end of last year. The growth areas identified by the Bank were in the areas of residential mortgages and passenger car loans. Of the total retail loans portfolio, 88.47% is in the form of secured loans (residential mortgages and auto loans). The Bank has continued to develop its risk management capabilities in Retail business, both from a credit and operations risk standpoint. The credit risk on the retail loans portfolio continued to improve through the year and the gross NPA ratio for retail assets improved to 0.85% as on 31st March 2012 from 1.49% last year. The branch channel was effectively utilised for growing the retail assets business, with loan and card products being offered to existing clientele. Unsecured lending business products are also being offered with appropriately conservative risk management guardrails.

In order to build an integrated strategy for Retail NRI business including remittances to and from overseas centres, a new department - 'International Retail' has been set up. It focuses specifically on the overseas sales channel, retail foreign exchange business, remittances and retail businesses in overseas centres such as Hong Kong and Sri Lanka, where the Bank has a presence. The products offered in the area of retail forex and remittances include travel currency cards, inward and outward wire transfers, traveller's cheques, 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 aggregate spends on Travel Currency Cards have crossed USD 2 billion during the year. The volumes of retail remittances too have risen during the year and the

Bank processed outward remittances of USD 1.39 billion. Inward remittances accounted for USD 2.77 billion.



The cards business of the Bank has grown steadily as an important and valuable adjunct to the deposit and loan businesses. The Bank offers a wide range of payment solutions to its customers in the form of debit cards, prepaid cards and credit cards. As on 31st March 2012, the Bank has a base of approximately 124.99 lac debit cards, placing it among the leading players in the country. The Bank is a dominant player in prepaid cards with a card base of approximately 46.71 lac. The credit card base of the Bank on the 31st March 2012 was approximately 7.8 lac and covers a range of retail and commercial credit cards.

'Axis Bank Privée', the brand name for exclusive private banking, gives its clients access to a variety of financial solutions that includes advisory services, investment and lending solutions across 10 cities in the country. Privée follows a client-focused investment process and a team-based approach for managing client relationships. The relationship management team is supported by a team of product specialists, client servicing teams, investment consultants and research experts. The private banking business focuses on addressing both the personal and corporate advisory needs of an entrepreneur or business family by bringing solutions offered by various business groups across the retail and corporate businesses within the Bank under an integrated platform. The Bank launched 'Axis Bank Wealth' in 2008-09 targeting customers who have a total relationship value with the Bank of between ₹30 lacs and ₹200 lacs. The value proposition aims at delivering a 'One Bank' experience to such customers and is positioned as a complete solution involving banking, investment and asset needs.

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. It is one of the leading banking distributors of mutual funds in India, covering products of all major asset management companies. The Bank also distributes life insurance products of Max New York Life Insurance Company and during the year, it sold more than 1.49 lac policies with a premium mobilisation of ₹653.91 crores. The life insurance business of the Bank grew by 63% in terms of premium collected, recovering from the decline of 0.9% last year. The general insurance business of the Bank, on the other hand, grew 23% in terms of premium collected. During the year, the Bank has sold more than 3.55 lac general insurance policies. Customers have been provided with the option of renewing and/or buying policies online through the Bank's corporate website. The Bank has signed an agreement with Axis Securities and Sales Ltd., a wholly-owned subsidiary, to provide Axis Direct, an online trading platform, to its customers. During the year, the Bank opened more than 1.28 lac online trading accounts. The demand for gold and silver among retail and corporate clientele is rising and the Bank offers gold and silver bars of the highest purity in various denominations to its customers.

In addition to its branch network of 1,622 branches and extension counters spread across 1,050 centres, the Bank added 3,654 ATMs during the year to reach 9,924 as on 31st March 2012 against 6,270 ATMs as on 31st March 2011. The Bank has emerged as a pioneer in the transaction-based pricing model in total ATM outsourcing which envisages no capital expenditure for the Bank. Under this model, payment is based on a pay-per-use model for the Bank's customer transactions and a sharing of revenue with the service provider {Independent ATM Deployer (IAD)} for other bank transactions. The Bank continues to be the largest private sector bank and the 2nd largest bank in terms of the size of its ATM network in India. Along with the ATM network, other alternate channels such as internet banking, mobile banking and phone banking, have also grown well and a strong architecture of alternate channel has been created, providing higher levels of customer convenience and service quality to customers. A new branch design policy envisages a self-service lobby at the entrance of the branch, which shall house various facilities including ATMs, self-service kiosks and pass book printers. During the year 108 branches which have such self-service lobbies commenced operations.

CORPORATE CREDIT

Capital expenditure, particularly in greenfield projects remained subdued through the year in view of the prevalent macro-economic environment, with brownfield and smaller ticket projects and working capital loans driving demand for credit from corporate customers. However, existing sanctions continued to witness disbursements, as the projects financed by banks drew down on committed sanctions. The corporate credit portfolio of the Bank comprising advances to large and mid-corporates (including infrastructure) grew by 20% to ₹91,053 crores from ₹75,922 crores last year. This includes advances at overseas branches amounting to ₹24,890 crores (equivalent to USD 4.89 billion) comprising mainly the portfolio of Indian corporates and their subsidiaries, as also trade finance. The relationship model introduced last year has shown good results and has helped the Bank to improve its share of wallet due to a marked improvement in cross-selling a wide range of products to the Bank's corporate customers. The Bank's focus on fee-based business, foreign exchange business and loan syndication paid rich dividends as well. The Bank continually monitors portfolio diversification through tracking of industry, group and company specific exposure limits. The entire portfolio is rated on the basis of a Credit Rating Tool, which facilitates appropriate credit selection.

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 focused on leveraging its strength in infrastructure linked financial services. The Bank successfully completed transactions across various sectors such as telecom, power generation, transmission and distribution, roads, ports, airports, urban transport and railways, education and healthcare etc. As on 31st March 2012, the Bank's advances to infrastructure stood at ₹19,321 crores against ₹15,723 crores last year, thereby increasing 23%. This includes advances from the Bank's overseas branches of ₹4,769 crores (equivalent to USD 937 million). As one of the leading players in infrastructure lending, the Bank launched its first ever 'D&B-Axis Bank Infra Awards 2011' in association with Dun & Bradstreet. The award felicitates leading infrastructure projects and infrastructure companies. As part of promotional activities, the Bank also organised a quarterly Breakfast Series, involving various industry leaders.

In October 2010, the Bank has launched the Axis Infra Index (AII) with the primary objective of conveying a sense of investment conditions in the infrastructure sector. The Index, as a composite measure of investor confidence, comprises four components: flow of equity and debt funds into infrastructure sectors, project completion and commencement of operations, output related to infrastructure segments and regulatory and policy developments relevant for the sector. It is designed to capture the evolving fundamentals of the sector and is updated and disseminated on a quarterly basis.

The mid-corporate group continues to be an important business segment of the Bank with total advances of ₹17,365 crores as on 31st March 2012, registering a growth of 10% over last year. The focus continues to be on targeting opportunities in industries with lower coverage but having positive outlook across geographies without compromising on quality. The Bank caters to the ever increasing financial requirements of this segment by offering both off-the-shelf and complex, transactional solutions. Existing client relationships are maintained through active cross-selling of products and services in corporate and retail banking space.

TREASURY

The Bank has an integrated Treasury, covering both domestic and global markets, which manages the Bank's funds across geographies. The Bank's treasury business has grown substantially over the years, gaining market share and continuing to be among the top five banks in terms of forex revenues. The Treasury plays an important role in the sovereign debt markets and participates in the primary auctions held by RBI. It also actively participates in the secondary government securities and corporate debt market. The foreign exchange and money markets desk is an active participant in the inter-bank/FI space. The Bank has been exploring various cross-border markets to augment resources and support customer cross-border trade.

The Bank has emerged as one of the leading providers of foreign exchange and trade finance services. It provides a gamut of products for exports and imports as well as retail services. Its cutting edge technology provides comprehensive and timely customer services.

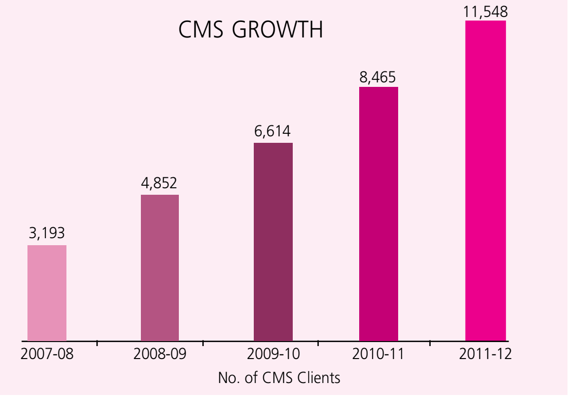
The Bank is a dominant player in placement and syndication of debt issues. During the year, the Bank arranged debt aggregating ₹40,500 crores and received several awards in recognition of its position in this business. While the volume of syndication vis-à-vis the past year has declined in line with the prevalent market trend in the economy, the Bank continued to maintain the leadership position in the market. For the calendar year 2011, it was identified as the no.1 Debt Arranger by Bloomberg, the Best Domestic Debt House in India by Asia Money, Best Bond House in India by Finance Asia, Best Debt House in India by Euromoney, Best Domestic Bond House in India by the Asset Triple A Country Awards by Asset Magazine and as no.1 Debt Arranger for Private Placements by Prime Database for the nine months ended December 2011.

BUSINESS BANKING

Business Banking leveraged the Bank's strengths – its well distributed network of branches and a strong technology platform to offer the best in transaction banking services. The Bank has consistently targeted the 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 customers. The cross-selling of transactional banking products have also succeeded in enlarging the customer base and growing current account balances. Due to change in business approach from a product-centric to a customer-centric model, the Bank has formed the Corporate Accounts Group within the Business Banking to meet the product specific, transactional banking and service requirements of large and mid-corporates and financial institutions. The sourcing of the current accounts is one of the key enablers for the growth of the balance sheet. As on 31st March 2012, current account balances stood at ₹39,754 crores against ₹36,917 crores last year, increasing 8% yoy. On a daily average basis, current accounts balances grew by 17% to ₹27,403 crores compared to ₹23,479 crores last year.

In order to provide solutions to business to effectively manage their funds flow, new products have been introduced. A liquidity management solution was launched to facilitate corporate customers with better funds management. Similarly, a single window for all payment requirements was launched with several advanced features such as setting a daily transaction limit for corporate users, setting transaction limits for individual beneficiaries, prioritising payment methods, online stop payment and cancellation facilities.

Cash Management Service (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 and the number of CMS clients has grown to 11,548 from 8,465 last year. During the year, the number of locations covered under CMS increased from 692 last year to 801. During the year, the Bank handled 105 IPOs and 444 dividend mandates against 101 IPOs and 434 dividends mandates last year.



The Bank acts as an agency bank for transacting government business offering services to various central government ministries/ departments and other state governments and union territories. The Bank accepts income and other direct taxes through its 214 authorised branches at 137 locations and central excise and service taxes though its 56 authorised branches at 14 locations including e-Payments. It 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 4 central government ministries/departments and 8 state governments and union territories. The Bank is associated with 9 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 ₹94,314 crores against ₹85,423 crores last year.

The Bank is a SEBI registered custodian and offers custodial services to both domestic and offshore customers. As on 31st March 2012, the Bank held assets worth approximately ₹11,840 crores under its custody, registering a growth of 331% over last year. The Bank launched its merchant acquiring business in December 2003, and in the last eight years has emerged as one of the largest acquirers in the country with an installed base of 2.02 lac point-of-sale terminals. The Bank has been in the forefront in terms of technological advancements and is the market leader in providing dual APN solutions for transaction acceptance on GPRS platform. It is also the first bank in India to launch cards acceptance services in the radio taxi segment, and to acquire cards in metro railways through PCPOS for the Delhi Airport Metro Express.

INVESTMENT BANKING

The Bank's Investment Banking business comprises activities relating to Equity Capital Markets, Mergers and Acquisitions and Private Equity Advisory. The Bank is a SEBI-registered Category I Merchant Banker and has been fairly active in advising

Indian companies in raising equity through IPOs, QIPs, Rights issues etc. The Bank has built strong relationships with Indian companies thereby becoming an effective bridge between such corporates and FIIs, DIIs and domestic retail investors.

During the financial year ended 31st March 2012, the Bank undertook 9 transactions including 5 IPOs and 2 Open Offers aggregating approximately ₹8,750 crores. M&A advisory services focus on domestic and cross-border buy and sell mandates for Indian clients. In the financial year 2011-12, the Bank successfully closed a sell-side mandate with a valuation of ₹55 crores. The private equity business works with the Bank's mid-corporate and SME clients and advises them in raising capital from private equity investors.

LENDING TO SMALL AND MEDIUM ENTERPRISES

The Small and Medium Enterprises (SME) segment has been identified as a thrust area of the Bank. The business approach towards this segment, which is expected to contribute significantly to economic growth in future, is to build relationships and nurture the entrepreneurial talent available. The relationship based approach enables the Bank to deliver value through the entire life cycle of SMEs, creating enormous goodwill and stickiness. The Bank has segmented its SME business in three groups: Small Enterprises, Medium Enterprises and Supply Chain Finance. Under the Small Business Group, a sub-group for financing micro enterprises is also set up. This will help the Bank to optimally utilise available resources, build capacities and bring in required levels of skill sets for processing and monitoring SME exposures. The Bank extends working capital, project finance as well as trade finance facilities to SMEs. It also helps the Bank to fulfil its priority sector obligations and provides cross-selling opportunities. During the year, advances to SME increased by 11% and stood at ₹23,795 crores as on 31st March 2012 as compared to ₹21,406 crores last year.

During the year, the Bank has set up 6 SME centres and SME cells each across the country, taking the total number to 32 SME Centres. The Bank has organised 'Business Gaurav SME Awards' in association with Dun & Bradstreet to recognise and award achievements in the SME space. It also organised several road shows and knowledge series meetings at 28 SME centres.

AGRICULTURE

The Bank continued to drive and expand the flow of credit to the agricultural sector. The Bank also made its presence in the hinterland by offering banking products to the rural population. 401 branches of the Bank had dedicated officers for providing farm loans. Products and solutions were created specifically with simple features and offered at affordable rates to attract more customers. The Bank has also adopted a value-chain approach, wherein end-to-end solutions are being provided for various stakeholders. It also offers various customised solutions to meet the regional requirements. The business was driven through 85 strategically located clusters, and dedicated teams for sales and services were created to complement with specialised credit and operations support.

During this fiscal, agriculture advances grew by 0.11% to ₹17,340 crore, constituting 12% of the Bank's domestic advances. As on the last Friday of March 2012, the direct agriculture lending was 9.76% of the adjusted net bank credit of the Bank.

FINANCIAL INCLUSION

The Bank perceives financial inclusion (FI) not as a corporate social responsibility or a regulator driven initiative but as a large business opportunity that lies untapped in the rural and unexplored section of the urban market. Till March 2012, the Bank has opened over 4.4 million No-Frills accounts in over 7,607 villages through a network of 15 Business Correspondents and nearly 6,000 customer service points. The Bank has a strong presence in the Electronic Benefit Transfer (EBT) space and has covered around 6,800 villages across 19 districts and 9 states till date with over 3.7 million beneficiaries. In the rural financial inclusion domain, the Bank has successfully executed its SLBC mandates for the financial 2011-12 and has opened over 45,000 accounts. In the urban space, the Bank has launched financial inclusion initiatives in Bangalore, Chennai and Delhi targeting migrant labourers, slum dwellers and other under-banked sector of the urban population and has opened over 3.5 lac no-frill accounts. The Bank's financial inclusion efforts are not merely restricted to launching of financial inclusion initiatives and sourcing basic No Frill accounts, but to also promote the savings habits and enable the customers to obtain customised solutions for their financial needs. The Bank till date has sourced over 0.4 lac Micro insurance products (in both life and non-life space) and has provided small value overdraft facility to nearly 5,000 customers on their No Frill accounts. The Bank also has a range of other customised products for this customer segment like different variants of Axis Uday no frills savings accounts, Chhota RD, Chhota FD, and Chhota SIP. The Bank has been one of the first few banks to have tied-up with telecom companies to offer remittance led financial inclusion services on the mobile platform.

INTERNATIONAL BANKING

The international operations of the Bank form a key enabler in its strategy to partner with the overseas growth potential of its domestic clientele, who are venturing abroad or require non-rupee funds for domestic projects. During the year, the Bank has extended its overseas network by opening a branch in Colombo, Sri Lanka. The Bank now has a foreign network of four branches (Singapore, Hong Kong, DIFC (Dubai) and Colombo (Sri Lanka))and three representative offices (Shanghai, Dubai and Abu Dhabi) with presence in six countries.

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

With management of liquidity being a major challenge in the present global markets, the Bank consciously restrained its asset growth at the overseas centers. As on 31st March 2012, the total assets at overseas branches stood at USD 6.35 billion compared to USD 5.30 billion last year.

Axis U.K. Limited, the UK subsidiary of the Bank, continued its interactions with the Financial Services Authority (FSA), UK and other relevant authorities for regulatory approvals to enable setting up of the banking subsidiary of the Bank in UK.

RISK MANAGEMENT

Banking is the business of managing risks and the objective of risk management is to balance the trade-off between risk and return and ensure optimum risk adjusted return on the capital. It entails the 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 and supported by an independent risk function that ensures that the Bank operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities at the transaction level or at the portfolio level, as appropriate, 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 utilisation keeping in view the business objectives.

Governance Structure of Risk Management

The Board of Directors sets the overall risk appetite and philosophy for the Bank. The Bank's risk management processes are guided by well-defined policies appropriate for the various risk categories viz. credit risk, market risk, operational risk and liquidity 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, 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 namely 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 the 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, which include 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. The sanctioning process is linked to the rating and the size of exposure. The monitoring frequency applicable to the exposure also depends on the rating of the exposure. Sector specific caps are laid down in the Credit Policy to avoid concentration risk. For 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 risk 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.

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. The RMC periodically reviews the impact of the stress scenarios resulting from the 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

Market Risk is the risk of losses in 'on and off-balance sheet' positions arising from the movements in market level of interest rates, prices of securities, foreign exchange rates and equities as well as the volatilities of those changes, which may impact the Bank's earnings and capital. The risks 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 aims to maximise the risk adjusted rate of return of the Bank's trading and investment portfolio by providing inputs regarding the extent of market risk exposures, the performance of portfolios vis-à-vis the risk exposure and comparable benchmarks. The market risk management of the trading, investment and asset/liability portfolios of the Bank include well laid down policies, guidelines, processes and systems for the identification, measurement, monitoring of limits set in accordance with risk appetite of the Bank and reporting of various market risks in the banking and trading book. The Bank uses both statistical measures and non-statistical measures for the market risk management. 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.

The Bank uses historical simulation and its variants for computing VaR for its trading portfolio. VaR of a portfolio is defined as the potential loss value such that, given a confidence level (probability), the cumulative mark-to-market loss on the portfolio over a given time horizon does not exceed acceptable levels (assuming normal market conditions and no trading in the portfolio). VaR is calculated at a 99% confidence level for a one-day holding period. The 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. The Bank supplements the VaR measure with a series of stress tests and sensitivity analysis as per a well laid out stress testing framework.

Liquidity Risk

Liquidity risk management is the ability of a bank to fund increases in assets and meet obligations as they become due, without incurring unacceptable losses. 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: risk of being unable to fund portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate assets in a timely manner at a reasonable price (asset dimension). The Bank's Asset Liability Management (ALM) 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, the source of which could be bank-wide, market-wide or both. The liquidity profile of the Bank is analysed on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and conduct of liquidity stress tests periodically. The liquidity position is managed on a global basis including positions at the overseas branches. The Bank has laid down liquidity risk policies for its overseas branches in line with host country regulations and the ALM 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

To manage operational risk in an effective, efficient and proactive manner, the Bank has put in place an Operational Risk Management (ORM) Policy. The objective of the ORM Policy is to identify the operational risks that the Bank is exposed to. These risks may emanate from inadequate and/or missing controls in internal processes, people, systems or from external events or a combination of all the four. The policy also aims at assessing and measuring the magnitude of risks, monitoring, controlling and mitigating them by using a variety of processes.

The Bank is in the process of setting up a comprehensive Operational Risk Measurement System (ORMS) through technological solutions. Once implemented, these solutions will enable the Bank to migrate to the Advanced Measurement Approach (AMA) for the calculation of capital charge for operational risk. In addition to the ORM Policy, an Operational Risk Management Framework (ORMF), loss data collection methodology, risk and control self-assessment framework, key risk indicators framework as well as role and responsibilities of operational risk management function are approved by the Risk Management Committee. Operational Risk Management Committee (ORMC) oversees the implementation of the aforesaid framework and policies.

Within the ORM framework, new products, processes and services introduced by the Bank are subjected to rigorous risk evaluation and approval accorded by the Product Management Committee where all relevant risks are identified and assessed by the departments independent of the risk-taking unit (product/process/service owner). Similarly, changes proposed in the existing product/processes/services are also subjected to review by the Change Management Committee. Outsourcing arrangements are examined and approved by the Outsourcing Committee. The IT Security Committee of the Bank provides directions for mitigating the operational risk in the information systems. The Bank has also created a Continuous Off-site Monitoring (COSMOS) group for off-site surveillance and monitoring of transactions to detect and mitigate frauds on a proactive basis. The Bank has put in place a Business Continuity Plan for all the critical applications.

OPERATIONS

The business model of the Bank has separated production and distribution functions within the Bank, with transaction processing and customer databases (production technology) becoming increasingly centralised and product sales and customer handling (the distribution technology) being the primary function at the branches. The separation of functions has helped reduce transaction costs besides ensuring smoothness in operations and increasing productivity. Operational processes were constantly refined during the year from the perspective of implementation of best practices, risk identification and containment. Operational instructions were revisited on a continual basis and efforts were made to minimise risks 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 Bank continued to strengthen the oversight function through centralised monitoring of the working of the branches in respect of KYC, AML and other regulatory compliances, cash management, clearing operations and internal housekeeping with the objective of ensuring compliance with risk guidelines and delivering operational efficiency and customer service. To ensure enhanced customer service and better handling of cash, the Bank has installed note sorting machines at cash intensive branches. The Bank has implemented the Clean Note Policy of RBI across all branches of the Bank. The Bank has been appointed as the Primary Clearing House at certain places. A currency chest was operationalised at Guwahati, making the first private sector bank, to have a currency chest in the North East.

Wholesale Banking Operations

The Wholesale Banking Operations (WBO) is responsible for providing best in class services 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) involves delivery, control, monitoring and administration of credit facilities of large and mid-corporates, SME, corporate agriculture, channel finance and micro finance transactions. CBO operates through a network comprising of Corporate Banking Branches (CBBs)/Credit Management Centres (CMCs) at 8 major cities, 52 Mini-Credit Management Centres (MCMCs) at Tier II cities, and Corporate Credit Operations Hub (CCOH) at Hyderabad. Treasury Operations provides operational support to the Bank's Treasury and operates the centralised electronic payment hubs for RTGS and NEFT. Trade and Forex Operations (TFO) supervise and control the entire cross border trade and foreign exchange operations of the Bank. TFO provides trade finance and retail forex services to corporates, full-fledged money changers (FFMCs) and individuals through 197 B-category branches and state-of-the-art centralised knowledge processing centres viz. 'Trade Finance 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 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 to handle all types of payment services through a centralised and channel agnostic processing engine.

INFORMATION TECHONOLOGY

Technology is one of the key enablers for business and to deliver customised financial solutions. The Bank continued to focus on introducing innovative banking services through investments in scalable and robust technology platforms that delivers 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. The Bank has launched the Business Process Management System, a reusable system, which helps to build process efficiencies across various areas of operations. To ensure optimal use of available resources, IT infrastructure has been rationalised using the principles of server virtualisation and storage centralisation. To bring efficiency in tracking and implementing various IT projects, a project governance framework at the Project Management Office has been deployed as part of the role-based re-organisation. The Bank plans to migrate the production IT hardware to a co-location hosted site at Mumbai, a state-of-the-art Tier IV compliant Data Center. An enterprise architecture function has also been introduced for defining architectural principles and digitising the architecture related to infrastructure, application and achieving target architecture. The Bank has undertaken various steps in order to align itself towards RBI guidelines on security and governance, including setting up of Board and Executive level committees and working on IT operations and other key areas.

COMPLIANCE

The Compliance function of the Bank is responsible for monitoring and ensuring that operating and business units comply with regulatory and internal guidelines. Its objective is the adoption of best practices and globally accepted standards of corporate governance. The focal point of contact with RBI and other regulatory entities, the Compliance department periodically apprises both the Bank's management as well as the Board of Directors of the compliance status of the organization and changes in regulatory environment.

Guidelines, notifications and directives issued by regulatory bodies during the year were disseminated through the Bank to ensure that business and functional units operate within the compliance parameters set by the regulators. The level of compliance is monitored through a Compliance Testing Programme. New products and processes launched during the year are subjected to scrutiny to ensure that these did not violate any rules, laws and standards. The Bank has recently embarked upon an Enterprise-wide Governance Risk and Compliance Framework, an online tool, which addresses operational, compliance and financial reporting risks and helps 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 by undertaking a comprehensive risk-based audit of various operating units. It also undertakes internal-cum-management audit of the Bank's Corporate Office departments. The effort is to continuously benchmark against international best practices and procedures in the area of internal control systems. It also provides direction to ensure timely mitigation of risks faced by the Bank. The Internal Audit Department functions independently under the supervision of the Audit Committee of the Board, which evaluates its performance and reviews effectiveness of the operational efficiency and regulatory controls laid down by the Bank and RBI. The Bank has continued to follow the Control Self-Assessment (Self Audit) model, launched two years ago, to take the branches to an improved compliance culture. The Bank has renewed its certificate under the ISO 9001-2008 Standards for three more years.

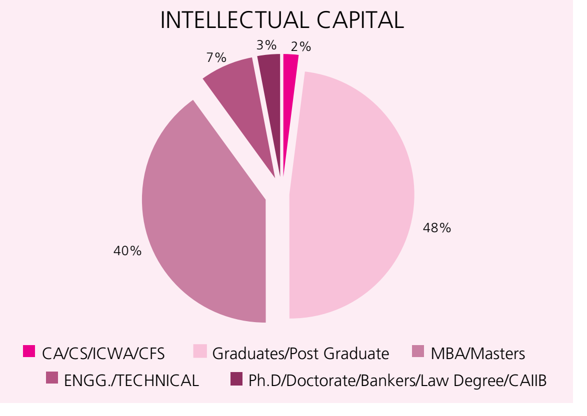
CORPORATE SOCIAL RESPONSIBILITY (CSR)

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 poverty alleviation, providing sustainable livelihoods, education of the underprivileged, healthcare, sanitation etc. The Bank has decided to contribute upto one percent of its net profit annually to the Foundation under its CSR initiatives. For the financial year ended 31st March 2012, the Foundation has extended various grants aggregating ₹18.85 crores. During the year, the Foundation partnered with 36 NGOs for educating over a lac underprivileged and special children in 13 states. The Foundation supported balwadis (nurseries) and focused on early childhood programmes for 2-6 year olds living in slum areas, with special focus on the girl child. The Foundation also focused on projects in supplementary education where the standard and quality of the education in the schools are poor to ensure better performance and reduce school dropouts. The Foundation also supports various projects to impart vocational training to the underprivileged youth. The Foundation works with Lifeline Foundation for providing highway trauma care and rural medical relief in the states of Maharashtra, Kerala, Gujarat and Rajasthan. It has provided aid to more than 7,500 critical accident victims and more than 15,000 minor accident victims. The Foundation also worked with an NGO to provide essential lifesaving medicines to the rural poor in the state of Odisha. The Foundation aims to provide one million sustainable livelihoods to the underprivileged in some of the most backward regions of the country in the next five years, with 60% of the beneficiaries being women. The Foundation also runs projects in skill development, water harvesting and low-cost agricultural practices to enhance farm yield.

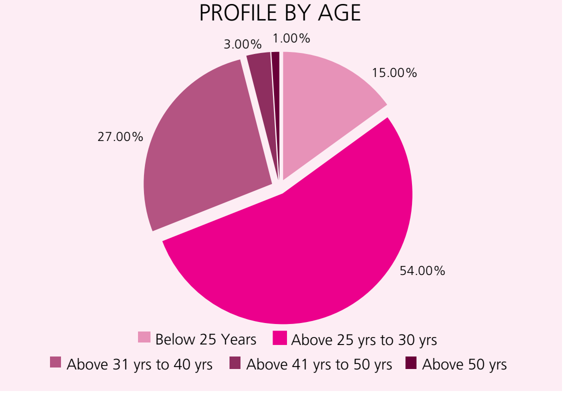
In line with the Bank's initiative in Green Banking with the theme of 'Reduce, Reuse and Recycle', the Foundation carried out a recycling initiative at the Corporate Office. This initiative has helped the Bank to productively use around 21,572 kilograms of dry waste during the year. The Foundation has partnered with an organisation for other such recycling activities. Under the Axis Bank Engagement Programme, each department at the Corporate office has an ABF Champion to look after the initiatives of the Foundation in their respective departments. Under the aegis of 'Basket of Hope', the Bank runs collection drives for clothes, books and toys for distribution to the needy. The Bank holds regular exhibitions at the Corporate Office and branches to provide a platform to NGOs for exhibiting their products. The Bank has launched an employee payroll programme titled 'Axis Cares', in which 3,661 officers of the Bank have enrolled as on 31st March 2012 and their monthly collection stands at ₹7.52 lacs. The funds collected under this programme are utilised for the programs of the Foundation.

HUMAN RESOURCES

The Bank aims in creating and developing human capital to realise its vision of nurturing a mutually beneficial relationship with its employees. Employee engagement and learning, leadership development, enhancing productivity and building multiple communication platforms thus occupied centre stage in the Bank's HR objective during the year. 'eVoices' held to measure Organisation Health Index (OHI) showed an overall improvement of 11% and 10-15% positive shift on all attributes as compared to last year.



The Bank has tied up with training and educational institutions to build alternate pipelines for recruiting trained manpower through a cost-effective and time-efficient process. The Bank continues to maintain a strong employer brand in the financial services sector especially on the campuses of the premier business schools of the country. In a major initiative, the Bank launched Axis Academic Interface Program (AAIP) with the 2-fold purpose: building long-term partnership with Institutions to offer youngsters an understanding about the financial services industry, and creating 'Axis Bankers'. So far, the Bank has tied up with Manipal University, NIIT, IFBI and Guwahati University. The Bank's 'Axis Ahead' initiative (the Bank's Management Trainee Program) in the Business schools received a very high score in the AC Nielson Survey.



The total employee strength of the Bank stood at 31,738 as compared to 26,435 in the previous year. The Bank has a young workforce with an average age of 29 years. The equal opportunity employer policy of the Bank contributes strongly to the Axis Bank brand.

The Bank has set up a robust but leaner performance management process in order to monitor and improve employee performance and productivity. The Bank has defined Axis Leadership Practices (ALP) for all levels to promote desired behavioural competencies. The ALP is integrated with performance management process and overall development plan of the Bank to build and nurture leaders.

In order to support its consistent growth, the Bank has developed a learning infrastructure to ensure availability of a skilled and equipped workforce. The training calendar has been aligned to the Balanced Score Card of the departments. A comprehensive e-learning module is being developed in-house and administered through the Bank's intranet. The Faculty-in-Residence programme has been launched in order to utilise in-house expertise for training purposes.

The Bank provides multiple opportunities and platforms to seamlessly connect across the geographies through its leadership team at all levels. iAxis, the Bank's Intranet is a platform to involve and engage with all officials through multi-dimensional initiatives. The ABBI (Axis Bank Best Idea) initiative has strengthened the 'idea generation' process in the Bank and in 2011-12, employees contributed more than 2,000 ideas related to banking and affiliated financial services. The winning ideas are recognised and refined to be implemented by the related business and support functions.

CORPORATE OFFICE

Axis House, the Bank's Corporate Office received the 'Platinum' rating by the US Green Building Council for its environment-friendly facilities and reduction of carbon emission.

AUDITORS' REPORT

TO THE MEMBERS OF
AXIS BANK LIMITED

1. We have audited the attached Balance Sheet of **AXIS BANK LIMITED** ("the Bank") as at 31 March, 2012, the Profit and Loss Account and the Cash Flow Statement of the Bank for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. The Balance Sheet and the Profit and Loss Account are drawn up in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, read with Section 211 of the Companies Act, 1956.
4. Without qualifying our report, we invite attention to Note 1(a) of Schedule 18 regarding the Scheme of Arrangement for the demerger of Enam Securities Private Ltd. with the Bank's subsidiary. For the reasons stated therein, no effect to the proposed Scheme has been given in the accounts.
5. We further report as follows :
   (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 have found them to be satisfactory;
   (b) in our opinion, the transactions of the Bank which have come to our notice have been within its powers;
   (c) 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;
   (d) the financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by the Branches;
   (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 dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, insofar as they apply to banks;
   (g) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required for banking companies and the Guidelines issued by the 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 :
      (i) in the case of the Balance Sheet, of the state of the affairs of the Bank as at 31 March, 2012;
      (ii) in the case of the Profit and Loss Account, of the profit of the Bank for the year ended on that date and
      (iii) in the case of Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.
6. On the basis of the written representations received from the Directors as on 31st March, 2012 and as per the information and representation provided to us by the Bank, taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
7. We report that during the course of our audit we have visited 56 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)

Place : Mumbai,
Date : 27th April, 2012

AXIS BANK LIMITED - BALANCE SHEET

BALANCE SHEET AS AT 31 MARCH, 2012

	Schedule No.	**As at 31-03-2012 (₹ *in Thousands*)**	As at 31-03-2011 (₹ *in Thousands*)
CAPITAL AND LIABILITIES			
Capital	1	**4,132,039**	4,105,458
Reserves & Surplus	2	**223,953,384**	185,882,797
Deposits	3	**2,201,043,033**	1,892,378,010
Borrowings	4	**340,716,721**	262,678,824
Other Liabilities and Provisions	5	**86,432,757**	82,088,627
TOTAL		**2,856,277,934**	2,427,133,716
ASSETS			
Cash and Balances with Reserve Bank of India	6	**107,029,214**	138,861,630
Balances with Banks and Money at Call and Short Notice	7	**32,309,943**	75,224,929
Investments	8	**931,920,859**	719,916,208
Advances	9	**1,697,595,386**	1,424,078,286
Fixed Assets	10	**22,593,250**	22,731,456
Other Assets	11	**64,829,282**	46,321,207
TOTAL		**2,856,277,934**	2,427,133,716
Contingent liabilities	12	**4,802,373,747**	4,453,914,432
Bills for collection		**346,346,043**	324,731,072
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.

Adarsh Kishore
Chairman

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

Date : 27th April, 2012
Place: Mumbai

AXIS BANK LIMITED - PROFIT & LOSS ACCOUNT

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2012

		Schedule No.	**Year ended 31-03-2012 (₹ *in Thousands*)**	Year ended 31-03-2011 (₹ *in Thousands*)
I	**INCOME**			
	Interest earned	13	**219,946,474**	151,548,058
	Other income	14	**54,202,163**	46,321,338
	TOTAL		**274,148,637**	197,869,396
II	**EXPENDITURE**			
	Interest expended	15	**139,769,024**	85,918,230
	Operating expenses	16	**60,070,995**	47,794,281
	Provisions and contingencies	18 (2.1.1)	**31,886,564**	30,271,979
	TOTAL		**231,726,583**	163,984,490
III	**NET PROFIT FOR THE YEAR (I - II)**		**42,422,054**	33,884,906
	Balance in Profit & Loss Account brought forward from previous year		**49,697,707**	34,274,337
IV	**AMOUNT AVAILABLE FOR APPROPRIATION**		**92,119,761**	68,159,243
V	**APPROPRIATIONS :**			
	Transfer to Statutory Reserve		**10,605,513**	8,471,227
	Transfer to/(from) Investment Reserve		**-**	(149,372)
	Transfer to Capital Reserve		**519,047**	47,630
	Transfer to General Reserve		**-**	3,388,491
	Proposed dividend (includes tax on dividend)	18 (2.2.4)	**7,700,725**	6,703,560
	Balance in Profit & Loss Account carried forward		**73,294,476**	49,697,707
	TOTAL		**92,119,761**	68,159,243
VI	**EARNINGS PER EQUITY SHARE**	18 (2.2.2)		
	(Face value ₹10/- per share) (Rupees)			
	Basic		**102.94**	82.95
	Diluted		**102.20**	81.61
	Significant Accounting Policies and Notes to Accounts	17 & 18		
	Schedules referred to above form an integral part of the Profit and Loss Account			

In terms of our report attached.

For Axis Bank Ltd.

For Deloitte Haskins & Sells
Chartered Accountants

Adarsh Kishore
Chairman

Z. F. Billimoria
Partner

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

Date : 27th April, 2012
Place: Mumbai

AXIS BANK LIMITED - CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

	Year ended 31-03-2012 (₹ in Thousands)	Year ended 31-03-2011 (₹ in Thousands)
Cash flow from operating activities		
Net profit before taxes	**62,878,354**	51,356,592
Adjustments for:		
Depreciation on fixed assets	**3,422,363**	2,895,872
Depreciation on investments	**580,985**	992,677
Amortisation of premium on Held to Maturity Investments	**627,967**	605,613
Provision for Non Performing Assets (including bad debts)	**8,604,298**	9,551,195
Provision on standard assets	**1,503,036**	1,661,564
Provision for wealth tax	**3,600**	4,558
Provision for interest tax	**-**	2,879
(Profit)/loss on sale of fixed assets (net)	**(203,026)**	69,762
Provision for country risk	**48,100**	24,500
Provision for restructured assets	**888,600**	150,615
Provision for other contingencies	**(198,354)**	412,205
Amortisation of deferred employee compensation	**-**	(186)
	78,155,923	67,727,846
Adjustments for:		
(Increase)/Decrease in investments	**(165,599,005)**	(35,371,797)
(Increase)/Decrease in advances	**(282,226,283)**	(390,403,391)
Increase /(Decrease) in deposits	**308,665,023**	479,375,834
(Increase)/Decrease in other assets	**(15,673,352)**	(5,450,468)
Increase/(Decrease) in other liabilities & provisions	**1,757,949**	17,664,930
Direct taxes paid	**(23,349,523)**	(19,292,248)
Net cash flow from operating activities	**(98,269,268)**	114,250,706
Cash flow from investing activities		
Purchase of fixed assets	**(3,843,375)**	(13,602,967)
(Increase)/Decrease in Held to Maturity Investments	**(48,104,626)**	(126,380,416)
Proceeds from sale of fixed assets	**762,243**	130,076
Net cash used in investing activities	**(51,185,758)**	(139,853,307)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

	Year ended 31-03-2012 (₹ *in Thousands*)	Year ended 31-03-2011 (₹ *in Thousands*)
Cash flow from financing activities		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	**35,808,360**	(1,625,906)
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	**42,229,536**	92,609,218
Proceeds from issue of share capital	**26,581**	53,717
Proceeds from share premium	**1,336,820**	2,353,987
Payment of dividend	**(6,697,611)**	(5,694,110)
Net cash generated from financing activities	**72,703,686**	87,696,906
Effect of exchange fluctuation translation reserve	**2,003,938**	(46,833)
Net increase in cash and cash equivalents	**(74,747,402)**	62,047,472
Cash and cash equivalents at the beginning of the year	**214,086,559**	152,039,087
Cash and cash equivalents at the end of the year	**139,339,157**	214,086,559

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.

Adarsh Kishore
Chairman

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

Date : 27th April, 2012
Place: Mumbai

AXIS BANK LIMITED - SCHEDULES

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2012

		As at 31-03-2012 (₹ *in Thousands*)	As at 31-03-2011 (₹ *in Thousands*)
SCHEDULE 1 - CAPITAL			
	Authorised Capital		
	500,000,000 Equity Shares of ₹10/- each	**5,000,000**	5,000,000
	Issued, Subscribed and Paid-up capital		
	413,203,952 (Previous year - 410,545,843) Equity Shares of ₹10/- each fully paid-up	**4,132,039**	4,105,458
SCHEDULE 2 - RESERVES AND SURPLUS			
I.	**Statutory Reserve**		
	Opening Balance	**27,820,350**	19,349,123
	Additions during the year	**10,605,513**	8,471,227
		38,425,863	27,820,350
II.	**Share Premium Account**		
	Opening Balance	**100,050,790**	97,695,255
	Additions during the year	**1,336,820**	2,355,535
	Less: Share issue expenses	**-**	-
		101,387,610	100,050,790
III.	**Investment Reserve Account**		
	Opening Balance	**-**	149,372
	Additions during the year	**-**	-
	Less: Deductions during the year	**-**	(149,372)
		-	-
IV.	**General Reserve**		
	Opening Balance	**3,534,600**	146,109
	Additions during the year [Refer Schedule 18 (2.1.31)]	**8,500**	3,388,491
		3,543,100	3,534,600
V.	**Capital Reserve**		
	Opening Balance	**4,905,935**	4,858,305
	Additions during the year [Refer Schedule 18 (2.2.1)]	**519,047**	47,630
		5,424,982	4,905,935
VI.	**Foreign Currency Translation Reserve** [Refer Schedule 17 (5.5)]		
	Opening Balance	**(126,585)**	(79,752)
	Additions during the year	**2,003,938**	(46,833)
		1,877,353	(126,585)
VII.	**Balance in Profit & Loss Account**	**73,294,476**	49,697,707
	TOTAL	**223,953,384**	185,882,797

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2012

			As at 31-03-2012 (₹ *in Thousands*)	As at 31-03-2011 (₹ *in Thousands*)
SCHEDULE 3 - DEPOSITS				
A.	I.	Demand Deposits		
		(i) From banks	**20,980,835**	14,305,111
		(ii) From others	**376,559,884**	354,865,812
	II.	Savings Bank Deposits	**516,679,577**	408,503,090
	III.	Term Deposits		
		(i) From banks	**100,943,739**	76,750,855
		(ii) From others	**1,185,878,998**	1,037,953,142
	TOTAL		**2,201,043,033**	1,892,378,010
B.	I.	Deposits of branches in India	**2,094,495,868**	1,826,772,021
	II.	Deposits of branches outside India	**106,547,165**	65,605,989
	TOTAL		**2,201,043,033**	1,892,378,010

SCHEDULE 4 - BORROWINGS

I.	Borrowings in India			
	(i)	Reserve Bank of India	**1,150,000**	-
	(ii)	Other Banks #	**4,472,000**	14,237,000
	(iii)	Other institutions & agencies **	**121,210,990**	64,072,286
II.	Borrowings outside India $		**213,883,731**	184,369,538
	TOTAL		**340,716,721**	262,678,824
	Secured borrowing included in I & II above		**-**	-

\# Borrowings from other banks include Subordinated Debt of ₹359.60 crores (previous year ₹364.60 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 ₹8,391.70 crores (previous year ₹4,966.70 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 ₹234.03 crores (previous year ₹205.14 crores) and Upper Tier II instruments of ₹1,067.24 crores (previous year ₹935.30 crores) [Also refer Note 18 (2.1.3)]

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I.	Bills payable	**30,853,220**	37,445,308
II.	Inter - office adjustments (net)	**-**	-
III.	Interest accrued	**6,478,322**	4,143,337
IV.	Proposed dividend (includes tax on dividend)	**7,681,950**	6,678,836
V.	Contingent provision against standard assets	**7,799,683**	6,296,647
VI.	Others (including provisions)	**33,619,582**	27,524,499
	TOTAL	**86,432,757**	82,088,627

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2012

		As at 31-03-2012 (₹ *in Thousands*)	As at 31-03-2011 (₹ *in Thousands*)
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in hand (including foreign currency notes)	**35,957,442**	22,082,833
II.	Balances with Reserve Bank of India :		
	(i) in Current Account	**71,071,772**	116,778,797
	(ii) in Other Accounts	**-**	-
	TOTAL	**107,029,214**	138,861,630
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	**3,516,323**	4,407,510
	(b) in Other Deposit Accounts	**6,146,450**	49,184,270
	(ii) Money at Call and Short Notice		
	(a) With banks	**-**	29,900
	(b) With other institutions	**-**	-
	TOTAL	**9,662,773**	53,621,680
II.	Outside India		
	i) in Current Accounts	**7,666,358**	4,835,529
	ii) in Other Deposit Accounts	**3,845,537**	10,658,205
	iii) Money at Call & Short Notice	**11,135,275**	6,109,515
	TOTAL	**22,647,170**	21,603,249
	GRAND TOTAL (I+II)	**32,309,943**	75,224,929
SCHEDULE 8 - INVESTMENTS			
I.	**Investments in India in -**		
	(i) Government Securities ## **	**584,162,116**	441,549,553
	(ii) Other approved securities	**-**	-
	(iii) Shares	**7,399,921**	6,928,717
	(iv) Debentures and Bonds	**231,507,877**	180,704,920
	(v) Investment in Subsidiaries/Joint Ventures	**3,495,500**	2,595,500
	(vi) Others (Mutual Fund units, CD/CP, NABARD deposits, PTC etc.) @	**98,082,541**	82,405,862
	Total Investments in India	**924,647,955**	714,184,552
II.	**Investments outside India in -**		
	(i) Government Securities (including local authorities)	**1,170,306**	429,340
	(ii) Subsidiaries and/or joint ventures abroad (amount less than ₹1,000 for current year and previous year)	**-**	-
	(iii) Others	**6,102,598**	5,302,316
	Total Investments outside India	**7,272,904**	5,731,656
	GRAND TOTAL (I + II)	**931,920,859**	719,916,208

Includes securities costing ₹4,427.15 crores (previous year ₹4,424.90 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

@ Includes priority sector shortfall deposits ₹5,100.53 crores (previous year ₹4,064.71 crores) and PTC's ₹204.67 crores (previous year ₹212.98 crores) net of depreciation

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2012

	As at 31-03-2012 (₹ *in Thousands*)	As at 31-03-2011 (₹ *in Thousands*)
SCHEDULE 9 - ADVANCES		
A. (i) Bills purchased and discounted *	**39,089,332**	34,812,948
(ii) Cash credits, overdrafts and loans repayable on demand @	**468,608,528**	349,803,398
(iii) Term loans #	**1,189,897,526**	1,039,461,940
TOTAL	**1,697,595,386**	1,424,078,286
B. (i) Secured by tangible assets $	**1,417,163,384**	1,131,026,880
(ii) Covered by Bank/Government Guarantees &&	**50,233,791**	32,394,561
(iii) Unsecured	**230,198,211**	260,656,845
TOTAL	**1,697,595,386**	1,424,078,286
C. I. Advances in India		
(i) Priority Sector	**484,792,379**	412,891,152
(ii) Public Sector	**32,535,626**	30,039,403
(iii) Banks	**3,477,937**	2,408,096
(iv) Others	**923,767,773**	782,963,737
TOTAL	**1,444,573,715**	1,228,302,388
II. Advances Outside India		
(i) Due from banks	**1,127,900**	4,196,520
(ii) Due from others -		
(a) Bills purchased and discounted	**6,438,231**	6,264,497
(b) Syndicated loans	**108,035,085**	70,389,401
(c) Others	**137,420,455**	114,925,480
TOTAL	**253,021,671**	195,775,898
GRAND TOTAL [C I + C II]	**1,697,595,386**	1,424,078,286

* Net of borrowings under Bills Rediscounting Scheme ₹3,480.00 crores (previous year ₹1,800.00 crores)

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

Net of borrowings under Inter Bank Participation Certificate ₹7,968.24 crores (previous year ₹3,401.00 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, 2012

		As at 31-03-2012 (₹ *in Thousands*)	As at 31-03-2011 (₹ *in Thousands*)
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	Gross Block		
	At cost at the beginning of the year	**9,117,340**	891,351
	Additions during the year	**96,841**	8,244,785
	Deductions during the year	**(212,237)**	(18,796)
	TOTAL	**9,001,944**	9,117,340
	Depreciation		
	As at the beginning of the year	**198,381**	161,989
	Charge for the year	**146,310**	46,669
	Deductions during the year	**(82,455)**	(10,277)
	Depreciation to date	**262,236**	198,381
	Net Block	**8,739,708**	8,918,959
II.	Other fixed assets (including furniture & fixtures)		
	Gross Block		
	At cost at the beginning of the year	**25,147,573**	20,188,424
	Additions during the year	**3,265,751**	5,703,660
	Deductions during the year	**(1,578,538)**	(744,511)
	TOTAL	**26,834,786**	25,147,573
	Depreciation		
	As at the beginning of the year	**11,561,967**	9,265,956
	Charge for the year	**3,276,053**	2,849,203
	Deductions during the year	**(1,149,102)**	(553,192)
	Depreciation to date	**13,688,918**	11,561,967
	Net Block	**13,145,868**	13,585,606
III.	CAPITAL WORK-IN-PROGRESS (including capital advances)	**707,674**	226,891
	GRAND TOTAL (I+II+III)	**22,593,250**	22,731,456

SCHEDULE 11 - OTHER ASSETS			
I.	Inter-office adjustments (net)	**-**	-
II.	Interest Accrued	**24,194,553**	17,165,984
III.	Tax paid in advance/tax deducted at source (net of provisions)	**1,185,052**	401,429
IV.	Stationery and stamps	**12,623**	11,794
V.	Non banking assets acquired in satisfaction of claims	**262,681**	53,174
VI.	Others #	**39,174,373**	28,688,826
	TOTAL	**64,829,282**	46,321,207

Includes deferred tax assets of ₹1,027.45 crores (previous year ₹816.85 crores)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2012

			As at 31-03-2012 (₹ *in Thousands*)	As at 31-03-2011 (₹ *in Thousands*)
SCHEDULE 12 - CONTINGENT LIABILITIES				
I.	Claims against the bank not acknowledged as debts		**2,602,138**	2,344,295
II.	Liability for partly paid investments		**-**	-
III.	Liability on account of outstanding forward exchange and derivative contracts :			
	a)	Forward Contracts	**2,009,254,981**	1,854,438,087
	b)	Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	**1,752,490,787**	1,647,016,628
	c)	Foreign Currency Options	**130,543,459**	141,258,629
	TOTAL (a+b+c)		**3,892,289,227**	3,642,713,344
IV.	Guarantees given on behalf of constituents			
	In India		**467,505,902**	464,332,544
	Outside India		**98,612,604**	76,278,216
V.	Acceptances, endorsements and other obligations		**302,612,607**	249,276,960
VI.	Other items for which the Bank is contingently liable		**38,751,269**	18,969,073
	GRAND TOTAL (I+II+III+IV+V+VI)		**4,802,373,747**	4,453,914,432

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2012

		Year ended 31-03-2012 (₹ *in Thousands*)	Year ended 31-03-2011 (₹ *in Thousands*)
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/discount on advances/bills	**153,793,526**	104,031,107
II.	Income on investments	**63,942,666**	44,386,841
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	**984,267**	1,826,199
IV.	Others	**1,226,015**	1,303,911
	TOTAL	**219,946,474**	151,548,058
SCHEDULE 14 - OTHER INCOME			
I.	Commission, exchange and brokerage	**43,417,022**	33,574,183
II.	Profit/(Loss) on sale of investments (net)	**728,329**	3,663,189
III.	Profit/(Loss) on sale of fixed assets (net)	**203,026**	(69,762)
IV.	Profit on exchange transactions/derivatives transactions (net)	**6,739,668**	5,636,045
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	**11,250**	7,500
VI.	Miscellaneous Income	**3,102,868**	3,510,183
	[including recoveries on account of advances/investments/derivative receivables written off in earlier years ₹291.84 crores (previous year ₹325.22 crores) and net loss on account of portfolio sell downs/securitisation ₹1.60 crores (previous year net profit of ₹17.96 crores)]		
	TOTAL	**54,202,163**	46,321,338
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on deposits	**121,836,378**	74,985,188
II.	Interest on Reserve Bank of India/Inter-bank borrowings	**2,319,578**	1,609,768
III.	Others	**15,613,068**	9,323,274
	TOTAL	**139,769,024**	85,918,230
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for employees	**20,801,677**	16,139,001
II.	Rent, taxes and lighting	**6,564,159**	6,798,464
III.	Printing and stationery	**934,980**	1,095,968
IV.	Advertisement and publicity	**881,458**	790,153
V.	Depreciation on bank's property	**3,422,363**	2,895,872
VI.	Directors' fees, allowance and expenses	**8,397**	5,758
VII.	Auditors' fees and expenses	**9,267**	7,500
VIII.	Law charges	**182,725**	133,752
IX.	Postage, telegrams, telephones, etc.	**2,586,992**	1,984,921
X.	Repairs and maintenance	**5,294,832**	3,839,337
XI.	Insurance	**2,312,956**	1,849,490
XII.	Other expenditure	**17,071,189**	12,254,065
	TOTAL	**60,070,995**	47,794,281

17 Significant accounting policies for the year ended 31 March, 2012

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 Change in accounting estimates

Change in estimated useful life of fixed assets

During the year, the Bank has revised the estimated useful life of certain fixed assets viz; cheque book encoder, currency counting machine, cheque encoder, fax machine/telex, fake note detector, UPS, VSAT and scrollers from 10 years to 5 years. As a result of the aforesaid revision, the net depreciation charge for the year is higher by ₹22.17 crores with a corresponding decrease in the net block of the fixed assets.

5 Significant accounting policies

5.1 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 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 23rd 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 Net Asset Value (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.

5.2 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.

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 and certain class of restructured assets and 0.40% for all other advances is made as prescribed by the RBI.

5.3 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). 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.

5.4 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 2nd February 2006, on 'Guidelines on Securitisation of Standard Assets', gain on secturtisation transactions is recognised over the period of the underlying securities issued by the SPV. Loss on secturtisation is immediately debited to the Profit and Loss Account.

5.5 *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 contracts 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.

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.

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.

5.6 *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 Foreign Exchange Dealers' Association of India 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.

5.7 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.

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.

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

5.8 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 life:

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.

5.9 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.

5.10 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 the Life Insurance Corporation of India ('LIC'), Metlife Insurance Company Limited ('Metlife'), HDFC Standard Life Insurance Company Limited ('HDFC Life'), ICICI Prudential Life Insurance Company Limited ('ICICI Pru') and Bajaj Life Insurance Company Limited ('BLIC') for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although LIC/Metlife/HDFC Life/ICICI Pru/BLIC 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.

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 lump sum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

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

5.11 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.

5.12 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 reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off 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.

5.13 Share issue expenses

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

5.14 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.

5.15 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.

5.16 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, 2012

(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 have been 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 will now comprise of (a) a demerger of the financial services businesses 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 its no objection to the Scheme. Further, on 27 April, 2012, the Board of Directors of the Bank have 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 will issue shares in the ratio of 5 equity shares of the Bank (aggregating 12,090,000 equity shares) of the face value of ₹10 each for every 1 equity share (aggregating 2,418,000 equity shares) of ₹10 each held by the shareholders of ESPL. The sale of the financial services businesses will be simultaneously undertaken from the Bank to ASSL for a cash consideration of ₹274 crores only. The appointed date under the Scheme is 1 April, 2010, and the parties shall proceed with filing the Revised Scheme and other necessary documents with the relevant High Courts and other regulatory authorities for their approvals.

b) The Board of Directors of the Bank have, on 27 April, 2012, approved a proposal to induct Schroder Singapore Holdings Private Limited, a wholly owned subsidiary of Schroders plc, as a 25% shareholder in Axis Asset Management Company Ltd., a wholly owned subsidiary of the Bank. The transaction is subject to regulatory approvals.

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, 2012	31 March, 2011
Provision for income tax		
- Current tax for the year	**2,256.23**	1,953.03
- Deferred tax for the year	**(210.60)**	(205.52)
Provision for fringe benefit tax	**-**	(0.34)
	2,045.63	1,747.17
Provision for wealth tax	**0.36**	0.46
Provision for interest tax	**-**	0.29
Provision for non-performing assets (including bad debts written off and write backs)	**860.43**	955.12
Provision for restructured assets	**88.86**	15.06
Provision towards standard assets	**150.30**	166.16
Provision for depreciation in value of investments	**58.10**	99.27
Provision for country risk	**4.81**	2.45
Provision for other contingencies	**(19.83)**	41.22
Total	**3,188.66**	3,027.20

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, 2012	31 March, 2011
Capital adequacy		
Tier I	**21,886.11**	18,503.49
Tier II	**9,758.84**	6,366.86
Total capital	**31,644.95**	24,870.35
Total risk weighted assets and contingents	**231,711.39**	196,562.61
Capital ratios		
Tier I	**9.45%**	9.41%
Tier II	**4.21%**	3.24%
CRAR	**13.66%**	12.65%
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)	**₹3,425 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

The Bank has not raised any subordinated debt during the year ended 31 March, 2011.

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

During the year ended 31 March, 2011, the Bank redeemed subordinated debt of ₹155 crores, the details of which are set out below:

Date of maturity	**Period**	**Coupon**	**Amount**
4 June, 2010	72 months	5.75%	₹150.00 crores
20 June, 2010	93 months	9.05%	₹5.00 crores

2.1.3 The Bank has not raised any hybrid capital during the years ended 31 March, 2012 and 31 March, 2011.

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

As at	**31 March, 2012**	31 March, 2011
	%	%
Interest income as a percentage to working funds #	**8.71**	7.49
Non-interest income as a percentage to working funds #	**2.15**	2.29
Operating profit as a percentage to working funds #	**2.94**	3.17
Return on assets (based on working funds)#	**1.68**	1.68
Business (deposits less inter bank deposits plus advances) per employee**	**₹12.76 crores**	₹13.66 crores
Profit per employee**	**₹0.14 crore**	₹0.14 crore
Net non performing assets as a percentage of net customer assets *	**0.25**	0.26

#	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, 2012 was 80.91% (previous year 80.90%).

2.1.6 Asset Quality

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

	31 March, 2012 %	31 March, 2011 %
Net non-performing assets as a percentage of net advances	**0.27**	0.29

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

(₹ 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
Transfer from advances to others	(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.

(₹ in crores)

	31 March, 2011			
	Advances	**Investments**	**Others**	**Total**
Gross NPAs as at the beginning of the year	1,295.42	22.58	-	1,318.00
Additions (fresh NPAs) during the year	1,448.31	-	-	1,448.31
Sub-total (A)	**2,743.73**	**22.58**	**-**	**2,766.31**
Less:-				
(i) Upgradations	228.59	-	-	228.59
(ii) Recoveries (excluding recoveries made from upgraded accounts)	260.23	9.90	-	270.13
(iii) Write-offs	667.92	0.25	-	668.17
Sub-total (B)	**1,156.74**	**10.15**	**-**	**1,166.89**
Gross NPAs as at the end of the year (A-B)	**1,586.99**	**12.43**	**-**	**1,599.42**

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

(₹ 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**

(₹ in crores)

	31 March, 2011			
	Advances	**Investments**	**Others**	**Total**
Opening balance at the beginning of the year	412.60	6.40	-	419.00
Additions during the year	453.05	-	-	453.05
Reductions during the year	(452.97)	(6.40)	-	(459.37)
Interest Capitalisation – Restructured NPA Accounts	(2.33)	-	-	(2.33)
Closing balance at the end of the year	**410.35**	**-**	**-**	**410.35**

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

(₹ 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**

(₹ in crores)

	31 March, 2011			
	Advances	**Investments**	**Others**	**Total**
Opening balance at the beginning of the year	882.82	16.18	-	899.00
Provisions made during the year	984.25	-	-	984.25
Transfer from restructuring provision	11.01	-	-	11.01
Write-offs/(write back) of excess provision	(703.77)	(3.75)	-	(707.52)
Closing balance at the end of the year	**1,174.31**	**12.43**	**-**	**1,186.74**

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

(₹ in crores)

	31 March, 2012	31 March, 2011
Total exposure to top four NPA accounts	**582.10**	291.54

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

Sr. No.	Sector	**31 March, 2012 %**	31 March, 2011 %
1.	Agriculture and allied activities	**2.33**	2.56
2.	Industry (Micro & Small, Medium and Large)	**0.75**	1.15
3.	Services*	**0.96**	0.21
4.	Personal loans	**0.81**	1.38

* includes 0.01% (previous year Nil) NPAs in respect of commercial real estate and 0.16% (previous year 0.11%) in respect of trade segment

2.1.7 Movement in floating provision is set out below:

(₹ in crores)

For the year ended	31 March, 2012	31 March, 2011
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, 2012	31 March, 2011
Provision towards Standard Assets [includes ₹21.61 crores, (previous year ₹16.69 crores) of standard provision on derivative exposures]	**779.96**	629.66

2.1.9 Amount of provisions made for income-tax during the year:

(*₹ in crores*)

	31 March, 2012	31 March, 2011
Provision for Income Tax		
a) Current tax for the year	**2,256.23**	1,953.03
b) Deferred tax for the year	**(210.60)**	(205.52)
c) Provision for fringe benefit tax	**-**	(0.34)
	2,045.63	1,747.17

2.1.10 Details of Investments are set out below:

i) Value of Investments:

(₹ in crores)

	31 March, 2012	31 March, 2011
1) Gross value of Investments		
a) In India	**92,875.81**	71,641.51
b) Outside India	**707.35**	631.99
2) (i) Provision for Depreciation		
a) In India	**(348.00)**	(210.62)
b) Outside India	**20.45**	(58.83)
(ii) Provision for Non-Performing Investments		
a) In India	**(63.01)**	(12.43)
b) Outside India	**(0.51)**	-

	31 March, 2012	31 March, 2011
3) Net value of Investments		
a) In India	**92,464.80**	71,418.46
b) Outside India	**727.29**	573.16

ii) Movement of provisions held towards depreciation on investments:

(₹ in crores)

	31 March, 2012	31 March, 2011
Opening balance	**269.45**	170.18
Add: Provisions made during the year	**105.97**	124.68
Less: Write-offs/write back of excess provisions during the year	**47.87**	25.41
Closing balance	**327.55**	269.45

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

(₹ in crores)

As at	31 March, 2012	31 March, 2011
A. Exposure to Real Estate Sector		
1) Direct Exposure		
(i) Residential mortgages	**30,774.98**	20,646.94
- of which housing loans eligible for inclusion in priority sector advances	**10,248.76**	6,978.34
(ii) Commercial real estate	**11,292.31**	9,029.16
(iii) Investments in Mortgage Backed Securities (MBS) and other securtised 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)	**10,663.10**	9,725.22
Total Exposure to Real Estate Sector	**52,730.39**	39,401.32
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	**1,326.85**	999.71
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	**2.48**	5.67
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	**448.09**	256.75
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	**1.55**	7.55

As at		**31 March, 2012**	31 March, 2011
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and marketmakers	**2,521.87**	1,966.19
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	**303.11**	47.44
7.	Bridge loans to companies against expected equity flows/issues	**2.00**	0.31
8.	Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	**-**	-
9.	Financing to stock brokers for margin trading	**-**	-
10.	All exposures to Venture Capital Funds (both registered and unregistered)	**140.90**	258.13
Total Exposure to Capital Market (Total of 1 to 10)		**4,746.85**	3,541.75

2.1.12 Details of loan assets subjected to restructuring during the years ended 31 March, 2012 and 31 March, 2011 are given below:

(₹ in crores)

	Particulars		31 March, 2012		
			CDR Mechanism	**SME Debt Restructuring**	**Others**
i)	Standard advances restructured**	No. of borrowers	16	4	82
		Amount outstanding-Restructured facility#	881.06	64.79	354.43
		Amount outstanding-Other facilities	15.04	-	9.75
		Sacrifice (diminution in the fair value)	146.24	1.57	2.36
ii)	Sub-Standard advances restructured	No. of borrowers	-	-	-
		Amount outstanding-Restructured facility	-	-	-
		Amount outstanding-Other facilities	-	-	-
		Sacrifice (diminution in the fair value)	-	-	-
iii)	Doubtful advances restructured	No. of borrowers	-	-	-
		Amount outstanding-Restructured facility	-	-	-
		Amount outstanding-Other facilities	-	-	-
		Sacrifice (diminution in the fair value)	-	-	-
	Total	No. of borrowers	**16**	**4**	**82**
		Amount outstanding-Restructured facility	**881.06**	**64.79**	**354.43**
		Amount outstanding-Other facilities	**15.04**	**-**	**9.75**
		Sacrifice (diminution in the fair value)	**146.24**	**1.57**	**2.36**

** Asset classification as on the date of reference to CDR/date of application for Non-CDR cases
# Amount subjected to restructuring determined as on the date of approval of restructuring proposal

(₹ in crores)

	Particulars		31 March, 2011		
			CDR Mechanism	SME Debt Restructuring	Others
i)	Standard advances restructured**	No. of borrowers	2	4	117
		Amount outstanding-Restructured facility#	96.55	47.22	259.96
		Amount outstanding-Other facilities	2.89	5.47	15.32
		Sacrifice (diminution in the fair value)	14.18	3.97	2.58
ii)	Sub-Standard advances restructured	No. of borrowers	-	-	-
		Amount outstanding-Restructured facility	-	-	-
		Amount outstanding-Other facilities	-	-	-
		Sacrifice (diminution in the fair value)	-	-	-
iii)	Doubtful advances restructured	No. of borrowers	-	-	-
		Amount outstanding-Restructured facility	-	-	-
		Amount outstanding-Other facilities	-	-	-
		Sacrifice (diminution in the fair value)	-	-	-
	Total	No. of borrowers	**2**	**4**	**117**
		Amount outstanding-Restructured facility	**96.55**	**47.22**	**259.96**
		Amount outstanding-Other facilities	**2.89**	**5.47**	**15.32**
		Sacrifice (diminution in the fair value)	**14.18**	**3.97**	**2.58**

** Asset classification as on the date of reference to CDR/date of application for Non-CDR cases

Amount subjected to restructuring determined as on the date of approval of restructuring proposal

2.1.13 There are no advances as on 31 March, 2012 (previous year: Nil) for which intangible securities have been taken as collateral by the Bank.

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

i) 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.

Issuer composition as at 31 March, 2011 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	2,107.65	1,081.31	1.00	-	10.00
ii.	Financial Institutions	7,158.12	4,946.68	-	-	4,114.56
iii.	Banks	4,087.16	1,687.67	10.00	-	3,102.52
iv.	Private Corporates	13,552.17	10,986.87	535.10	229.85	1,226.48
v.	Subsidiaries/Joint Ventures	259.55	259.55	-	-	259.55
vi.	Others	901.31	847.18	-	-	407.38
vii.	Provision held towards depreciation on investments	(216.86)				
viii	Provision held towards non performing investments	(12.43)				
	Total	**27,836.67**	**19,809.26**	**546.10**	**229.85**	**9,120.49**

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

*Excludes investments in non-SLR Government Securities amounting to ₹156.68 crores (previous year ₹158.03 crores)

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

(₹ in crores)

	31 March, 2012	31 March, 2011
Opening balance	12.43	22.58
Additions during the year	67.81	-
Reductions during the year	(0.78)	(10.15)
Closing balance	79.46	12.43
Total provisions held	63.52	12.43

2.1.15 Details of securities sold/purchased (in face value terms) during the years ended 31 March, 2012 and 31 March, 2011 under repos/reverse repos (excluding LAF transactions):

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	-	-	-	-

Year ended 31 March, 2011 *(₹ in crores)*

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2011
Securities sold under repos				
i. Government Securities	-	220.00	30.93	-
ii. Corporate debt Securities	-	-	-	-
Securities purchased under reverse repos				
i. Government Securities	-	3,919.82	34.20	-
ii. Corporate debt Securities	-	-	-	-

2.1.16 Details of financial assets sold to Securtisation/Reconstruction companies for Asset Reconstruction:

(₹ in crores)

	31 March, 2012	31 March, 2011
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 71 accounts already written-off from books amounting to ₹277.73 crores (Previous year 50 accounts amounting to ₹244.31 crores)

2.1.17 During the years ended 31 March, 2012 and 31 March, 2011 there were no Non-Performing Financial Assets Purchased or Sold (excluding accounts previously written off) by the Bank.

2.1.18 Details of securtisation transactions undertaken by the Bank during the year are as follows:

(₹ in crores)

	31 March, 2012	31 March, 2011
Number of loan accounts securitised	**-**	3
Book value of loan assets securitised	**-**	301.66
Sale consideration received for the securtised assets	**-**	308.97
Net gain/loss over net book value	**-**	7.31
Net gain/loss recognised in the Profit and Loss Account	**-**	7.31

The information on securtisation activity of the Bank as an originator as at 31 March, 2012 and 31 March, 2011 is given below:

(₹ in crores)

	31 March, 2012	31 March, 2011
Outstanding credit enhancement (cash collateral)	**-**	-
Outstanding liquidity facility	**-**	-
Outstanding servicing liability	**-**	-
Outstanding investment in PTCs	**-**	-

2.1.19 The information on concentration of deposits is given below:

(₹ in crores)

	31 March, 2012	31 March, 2011
Total deposits of twenty largest depositors	**31,117.71**	34,540.54
Percentage of deposits of twenty largest depositors to total deposits	**14.14**	18.25

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

(₹ *in crores)*

	31 March, 2012	31 March, 2011
Total advances to twenty largest borrowers	**40,359.18**	42,170.21
Percentage of advances to twenty largest borrowers to total advances of the Bank	**11.87**	13.63

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

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

(₹ *in crores)*

	31 March, 2012	31 March, 2011
Total exposure to twenty largest borrowers/customers	**45,791.99**	53,184.01
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	**12.29**	15.13

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

2.1.22 During the year, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

During the year ended 31 March, 2011, the Bank's credit exposure to single borrower was within the prudential exposure limits prescribed by RBI except in 2 cases, where the single borrower limit was exceeded upto an additional exposure of 5%, the details of which are set out below:

(₹ *in crores)*

Name of the Borrower	**Period**	**Original Exposure Ceiling**	**Limit Sanctioned**	**% of excess limit sanctioned over original ceiling**	**Exposure Ceiling as on 31 March, 2011**	**Exposure as on 31 March, 2011**
Housing Development Finance Corporation Limited	Feb 2011 and March 2011	3,346.18	4,227.72	26.34	3,346.18	4,418.99#
LIC Housing Finance Ltd.@	March 2011	3,346.18	3,563.85	6.51	3,346.18	3,130.77

the excess of the limit of ₹4,227.72 crores over the original exposure ceiling was approved by the Committee of Directors. However, the excess of the exposure as on 31 March, 2011 over the limit approved by the Committee is subject to ratification of the Committee.

@ the excess of the limit of ₹3,563.85 crores over the original exposure ceiling is subject to ratification by the Committee of Directors.

During the year ended 31 March, 2011, the Bank's credit exposure to group borrowers was within the prudential exposure limits prescribed by RBI.

2.1.23 Details of Risk Category wise Country Exposure:

(₹ in crores)

Risk Category	Exposure (Net) as at 31 March, 2012	Provision Held as at 31 March, 2012	Exposure (Net) as at 31 March, 2011	Provision Held as at 31 March, 2011
Insignificant	**1,877.46**	**-**	459.58	-
Low	**13,397.86**	**9.63**	9,160.68	4.82
Moderate	**2,667.73**	**-**	2,447.75	-
High	**702.55**	**-**	467.93	-
Very High	**518.24**	**-**	338.95	-
Restricted	**0.07**	**-**	-	-
Off-Credit	**0.06**	**-**	-	-
Total	**19,163.97**	**9.63**	12,874.89	4.82

2.1.24 A maturity pattern of certain items of assets and liabilities at 31 March, 2012 and 31 March, 2011 is set out below:

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**

Year ended 31 March, 2011 *(₹ 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	1,645.41	7,423.76	4,835.59	7,521.08	23,528.61	17,930.69	37,057.27	26,810.34	11,866.64	50,618.41	**189,237.80**
Advances	2,874.45	3,635.78	1,003.04	2,440.76	9,587.40	8,162.21	11,815.40	35,236.92	19,459.50	48,192.37	**142,407.83**
Investments	844.61	1,794.91	3,247.24	4,609.39	10,350.69	5,319.04	9,335.13	13,416.94	8,181.92	14,891.75	**71,991.62**
Borrowings	111.49	981.09	44.59	1,293.42	4,934.34	2,384.52	2,537.64	3,648.10	2,036.46	8,296.23	**26,267.88**
Foreign Currency Assets	1,436.87	1,054.10	322.48	1,349.58	2,810.68	3,273.19	2,927.72	4,773.50	4,764.86	3,838.63	**26,551.61**
Foreign Currency Liabilities	760.22	1,620.46	252.12	1,967.77	5,284.18	4,358.29	4,506.45	2,552.87	1,992.27	4,215.22	**27,509.85**

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.

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

(₹ in crores)

Sr. No.	Items	As at 31 March, 2012	As at 31 March, 2011
i)	Notional principal of swap agreements	**175,249.08**	164,697.20
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**1,799.58**	1,444.54
iii)	Collateral required by the Bank upon entering into swaps	**260.61**	123.36
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps/FRAs	**2,334.72**	2,174.95
	- Cross Currency Swaps	**461.46**	401.53
v)	Fair value of the swap book (hedging & trading)		
	- Interest Rate Swaps/FRAs	**315.89**	1.08
	- Currency Swaps	**167.84**	61.09

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
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 IRS as on 31 March, 2011 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	13	2,943.27	LIBOR	Fixed receivable v/s floating payable
Trading	1,338	63,520.00	MIBOR	Fixed receivable v/s floating payable
Trading	1,319	61,967.50	MIBOR	Fixed payable v/s floating receivable
Trading	118	4,639.50	MIFOR	Fixed receivable v/s floating payable
Trading	101	3,469.00	MIFOR	Fixed payable v/s floating receivable
Trading	62	2,621.10	INBMK	Fixed receivable v/s floating payable
Trading	73	4,589.00	INBMK	Fixed payable v/s floating receivable

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	108	3,575.99	LIBOR	Fixed receivable v/s floating payable
Trading	148	5,341.90	LIBOR	Fixed payable v/s floating receivable
Trading	1	150.00	OTHERS	Fixed payable v/s fixed receivable
Trading	3	138.24	LIBOR	Floating payable v/s floating receivable
Trading	1	367.91	LIBOR	Pay cap/receive floor
Trading	1	367.91	LIBOR	Pay floor/receive cap
	3,286	**153,691.32**		

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 FRA's as on 31 March, 2011 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	80	2,990.00	LIBOR	Fixed receivable v/s floating payable
Trading	73	2,840.07	LIBOR	Fixed payable v/s floating receivable
	153	**5,830.07**		

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
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.

The nature and terms of the CCS as on 31 March, 2011 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	22	1,728.23	LIBOR	Fixed payable v/s floating receivable
Trading	21	1,936.15	LIBOR	Fixed receivable v/s floating payable
Hedging	2	129.60	LIBOR	Fixed receivable v/s floating payable
Hedging	3	305.44	Principal & Coupon Swap	Fixed receivable v/s fixed payable
Hedging	1	133.79	LIBOR	Floating receivable v/s floating payable
Trading	1	40.14	LIBOR/INBMK	Floating receivable v/s floating payable
Trading	5	428.65	Principal & Coupon Swap	Fixed payable v/s fixed receivable
Trading	2	97.87	Principal Only	Fixed receivable
Trading	8	242.16	Principal Only	Fixed payable
Trading	1	66.89	Principal Only	Floating receivable
Trading	1	66.89	Principal Only	Floating payable
	67	**5,175.81**		

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, 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.**

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2011 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2011
i)	**Notional principal amount of exchange traded interest rate derivatives undertaken during the year**	
	90 day Euro $ Future - June 10	17.84
	10 years 7% GOI Security - June 10	2.92
		20.76
ii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2011**	
	90 Day Euro $ Futures - June 11	4.46
		4.46
iii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2011 and "not highly effective"**	**N.A.**
iv)	**Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2011 and "not highly effective"**	**N.A.**

2.1.26 Disclosure on risk exposure in Derivatives

Qualitative disclosures:

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

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

(₹ in crores)

		As at 31 March, 2011			
		Currency Derivatives			Interest rate Derivatives
Sr. No.	**Particulars**	**Forward Contracts**	**CCS**	**Options**	
1	**Derivatives (Notional Principal Amount)**				
	a) For hedging	4,470.91	568.82	-	2,943.27
	b) For trading	180,972.90	4,606.99	13,130.44	156,578.12
2	**Marked to Market Positions#**				
	a) Asset (+)	116.17	35.82	-	-
	b) Liability (-)	-	-	(4.62)	(74.03)
3	**Credit Exposure@**	6,954.12	760.80	285.87	2,541.95
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2011)**				
	a) on hedging derivatives	0.44	0.27	-	135.82
	b) on trading derivatives	0.28	0.38	-	38.56
5	**Maximum and Minimum of 100*PV01 observed during the year**				
	a) on hedging				
	I) Minimum	0.03	0.06	-	75.82
	II) Maximum	15.01	1.83	-	178.55
	b) on trading				
	I) Minimum	0.05	0.08	-	30.31
	II) Maximum	2.31	0.92	-	137.59

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, 2012 was ₹542.91 crores (previous year ₹995.42 crores) and the mark-to-market value was ₹5.67 crores (previous year ₹5.44 crores)

2.1.27 During the 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.

No penalty/strictures have been imposed on the Bank in the previous year by the RBI.

2.1.28 Disclosure of Customer Complaints

		31 March, 2012	31 March, 2011
a.	No. of complaints pending at the beginning of the year	**16**	80
b.	No. of complaints received during the year	**12,205**	12,766
c.	No. of complaints redressed during the year	**12,183**	12,830
d.	No. of complaints pending at the end of the year	**38**	16

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

2.1.29 Disclosure of Awards passed by the Banking Ombudsman

		31 March, 2012	31 March, 2011
a.	No. of unimplemented awards at the beginning of the year	**-**	-
b.	No. of awards passed by the Banking Ombudsman during the year	**1**	2
c.	No. of awards implemented during the year	**1**	2
d.	No. of unimplemented awards at the end of the year	**-**	-

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

2.1.30 Draw Down from Reserves

The Bank has not undertaken any draw down from reserves during the year. During the year ended 31 March, 2011, the Bank made a draw down out of the investment reserves account towards depreciation in investments in AFS and HFT categories in terms of RBI guidelines.

2.1.31 a) During the year ended 31 March, 2011, an amount of ₹338.85 crores being 10% of the net profit for that year was transferred to the general reserve in terms of the provisions of the Transfer of Profits to Reserve Rules under the Companies Act, 1956. During the current year, the Bank has been advised by RBI that in respect of transfer of profits to reserve fund, the Bank should be guided by the provisions of Section 17(1) of the Banking Regulation Act, 1949 relating to transfer to Statutory Reserve. Accordingly, no appropriation is proposed to be made to the general reserve for the current year.

b) During the current year, pursuant to receipt of final installment from the Government of India under the Agricultural Debt Waiver and Debt Relief Scheme, 2008, an amount of ₹0.85 crores being the provision held for loss in present value terms on the claim amount, has been transferred to the General Reserve in accordance with RBI guidelines.

2.1.32 Letter of Comfort

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

2.1.33 Bancassurance Business

Details of income earned from bancassurance business are as under:

(₹ in crores)

Sr. No.	**Nature of Income***	**31 March, 2012**	31 March, 2011
1.	For selling life insurance policies	**258.62**	133.27
2.	For selling non-life insurance policies	**31.33**	23.04
3.	For selling mutual fund products	**57.66**	44.34
4.	Others (selling of online trading accounts, gold coins, wealth advisory, RBI and other bonds)	**24.67**	28.72
	Total	**372.28**	229.37

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

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

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

(₹ in crores)

Particulars	**31 March, 2012**	31 March, 2011
Total assets	**32,302.40**	23,627.07
Total NPAs	**0.51**	-
Total revenue	**1,628.02**	1,108.07

2.1.36 During the current year, 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 ₹38.22 crores (previous year ₹4.76 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. As advised by the RBI during the year, the Bank has also 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 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

	31 March, 2012	31 March, 2011
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	**4,242.21**	3,388.49
Basic weighted average no. of shares (in crores)	**41.21**	40.85
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	**0.30**	0.67
Diluted weighted average no. of shares (in crores)	**41.51**	41.52
Basic EPS (₹)	**102.94**	82.95
Diluted EPS (₹)	**102.20**	81.61
Nominal value of shares (₹)	**10.00**	10.00

Dilution of equity is on account of 2,991,727 (previous year 6,721,352) stock options.

2.2.3 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.

36,622,890 options have been granted under the Scheme till the previous year ended 31 March, 2011.

On 22 April, 2011, the Bank granted 3,096,500 stock options (each option representing entitlement to one equity share of the Bank) to its employees including the MD & CEO and 172,200 stock options to employees of Axis Asset Management Company Limited, a subsidiary of the Bank. These options can be exercised at a price of ₹1,447.55 per option.

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.

Stock option activity under the Scheme for the year ended 31 March, 2011 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	13,897,518	97.62 to 907.25	514.27	2.87
Granted during the year	2,915,200	1,159.30 to 1,245.45	1,163.05	-
Forfeited during the year	(295,348)	232.10 to 1,214.80	658.88	-
Expired during the year	(23,128)	97.62 to 319.00	264.72	-
Exercised during the year	(5,371,724)	97.62 to 824.40	448.22	-
Outstanding at the end of the year	**11,122,518**	**232.10 to 1,245.45**	**712.90**	**2.86**
Exercisable at the end of the year	4,479,300	232.10 to 907.25	525.53	1.49

The weighted average share price in respect of options exercised during the year was ₹1,324.47.

Fair Value Methodology

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, 2012	31 March, 2011
Net Profit (as reported) (₹ in crores)	**4,242.21**	3,388.49
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)	**(147.16)**	(107.97)
Net Profit (Proforma) (₹ in crores)	**4,095.05**	3,280.52
Earnings per share: Basic (in ₹)		
As reported	**102.94**	82.95
Proforma	**99.37**	80.31
Earnings per share: Diluted (in ₹)		
As reported	**102.20**	81.61
Proforma	**98.65**	79.01

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

	31 March, 2012	31 March, 2011
Dividend yield	**1.23%**	1.24% to 1.32%
Expected life	**2-4 years**	2-4 years
Risk free interest rate	**8.05% to 8.10%**	5.98% to 7.17%
Volatility	**39.43% to 53.33%**	54.72% to 61.66%

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, 2012 is ₹559.31 (previous year ₹485.98).

2.2.4 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, 2012, 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, 2012 includes dividend of ₹1.88 crores (previous year ₹2.47 crores) paid pursuant to exercise of 1,153,890 employee stock options after the previous year end but before the record date for declaration of dividend for the year ended 31 March, 2011.

2.2.5 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 market-linked 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, 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**

(₹ *in crores*)

	31 March, 2011				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	4,751.66	7,082.97	3,320.18	-	15,154.81
Other income	1,123.01	2,289.45	990.46	229.21	4,632.13
Total income as per Profit and Loss Account	**5,874.67**	**9,372.42**	**4,310.64**	**229.21**	**19,786.94**
Add/(less) inter segment interest income	18,542.03	2,378.68	5,015.45	0.48	25,936.64
Total segment revenue	**24,416.70**	**11,751.10**	**9,326.09**	**229.69**	**45,723.58**
Less: Interest expense (external customers)	5,327.18	147.61	3,115.40	1.63	8,591.82
Less: Inter segment interest expense	17,832.24	5,554.07	2,550.33	-	25,936.64
Less: Operating expenses	384.54	1,440.48	2,857.20	97.21	4,779.43
Operating profit	**872.74**	**4,608.94**	**803.16**	**130.85**	**6,415.69**
Less: Provision for non-performing assets/Others	140.53	725.89	412.86	0.75	1,280.03
Segment result	**732.21**	**3,883.05**	**390.30**	**130.10**	**5,135.66**
Less: Provision for tax					1,747.17
Extraordinary profit/loss					-
Net Profit					**3,388.49**
Segment assets	94,475.32	104,302.26	42,896.68	176.07	241,850.33
Unallocated assets					863.04
Total assets					**242,713.37**
Segment liabilities	105,392.45	46,462.90	71,094.88	24.31	222,974.54
Unallocated liabilities					740.00
Total liabilities					**223,714.54**
Net assets	**(10,917.13)**	**57,839.36**	**(28,198.20)**	**151.76**	**18,998.83**
Capital expenditure for the year	**41.95**	**468.42**	**859.89**	**24.58**	**1,394.84**
Depreciation on fixed assets for the year	**8.72**	**97.25**	**178.52**	**5.10**	**289.59**

Geographic Segments

(₹ *in crores*)

	Domestic		**International**		**Total**	
	31 March, 2012	31 March, 2011	**31 March, 2012**	31 March, 2011	**31 March, 2012**	31 March, 2011
Revenue	**25,786.85**	18,678.87	**1,628.02**	1,108.07	**27,414.87**	19,786.94
Assets	**253,325.39**	219,086.30	**32,302.40**	23,627.07	**285,627.79**	242,713.37

2.2.6 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. Ltd., National Insurance Co. Ltd., United India Insurance Co. Ltd. and The Oriental Insurance Co. Ltd.

b) *Key Management Personnel*

- Mrs. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. Sisir Kumar Chakrabarti (Deputy Managing Director) upto 30 September, 2011.

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. Swapna Chakraborty, Mr. Hirendra Nath Chakraborty, Mr. Rajat Chakraborty, Mrs. Devikalpa Chakraborty (Kundu), Master Ahan Chakraborty, Mr. Nabakumar Chakraborty, Mr. Prabir Chakraborty, Mrs. Minati Chakraborty, Mrs. Krishna Chakraborty, Mrs. Sipra Chakraborty, Mrs. Shikha Bhattacharya, Ms. Shila Chakraborty, Mr. Asim Kumar Chakraborty, Mr. Arunabha Bhattacharya.

d) *Subsidiary Companies*

- Axis Securities and Sales Limited
- Axis Private Equity Limited
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited
- Axis U.K. Limited

e) *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 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, 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**
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**

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
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**

The details of transactions of the Bank with its related parties during the year ended 31 March, 2011 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Dividend paid	184.65	0.03	-	-	**184.68**
Dividend received	-	-	-	0.75	**0.75**
Interest paid	389.65	0.07	0.04	3.23	**392.99**
Interest received	0.22	0.02	-	0.01	**0.25**
Investment of the Bank	-	-	-	106.00	**106.00**
Investment of related party in the Bank	-	2.28	-	-	**2.28**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	-	-	-	-	**-**

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Redemption of Subordinated Debt	-	-	-	-	**-**
Purchase of investments	10.24	-	-	-	**10.24**
Sale of investments	563.21	-	-	-	**563.21**
Management contracts	-	5.46*	-	4.68	**10.14**
Purchase of fixed assets	-	-	-	-	**-**
Non-funded commitments	0.01	-	-	-	**0.01**
Advance granted (net)	-	-	-	-	**-**
Advance repaid	-	0.12	-	-	**0.12**
Sale of fixed assets	-	-	-	-	**-**
Contribution to employee benefit fund	15.22	-	-	-	**15.22**
Receiving of services	30.18	-	-	105.33	**135.51**
Rendering of services	2.51	-	-	10.88	**13.39**
Other reimbursements to related party	0.15	-	-	0.54	**0.69**
Other reimbursements from related party	-	-	-	5.66	**5.66**

*includes ₹0.70 crores subject to approval of Shareholders

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2011 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	4,716.08	0.23	0.23	71.37	**4,787.91**
Placement of deposits	0.16	-	-	-	**0.16**
Advances	43.00	0.27	-	-	**43.27**
Investment of the Bank	-	-	-	220.55	**220.55**
Investment of related party in the Bank	152.78	0.04	-	-	**152.82**
Non-funded commitments	3.01	-	-	-	**3.01**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	2,825.00	-	-	-	**2,825.00**
Advance for rendering of services	-	-	-	-	**-**
Other receivables	-	-	-	0.57	**0.57**
Other payables	-	-	-	14.27	**14.27**

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2011 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	4,716.09	3.94	4.96	81.85	**4,806.84**
Placement of deposits	0.16	-	-	-	**0.16**
Advances	132.47	0.39	-	0.31	**133.17**
Investment of the Bank	-	-	-	220.55	**220.55**
Investment of related party in the Bank	156.15	0.04	-	-	**156.19**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	2,825.00	-	-	-	**2,825.00**
Advance for rendering of services	-	-	-	-	**-**
Other receivables	-	-	-	7.19	**7.19**
Other payables	-	-	-	16.25	**16.25**
Non-funded commitments	39.00	-	-	-	**39.00**

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 wholly owned 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.

2.2.7 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, staff quarters, electronic data capturing machines and IT equipment.

(₹ in crores)

Particulars	31 March, 2012	31 March, 2011
Future lease rentals payable as at the end of the year:		
- Not later than one year	**465.15**	435.35
- Later than one year and not later than five years	**1,616.67**	1,222.13
- Later than five years	**477.56**	671.10
Total of minimum lease payments recognised in the Profit and Loss Account for the year	**560.41**	560.07
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	**0.30**	1.21
Sub-lease payments recognised in the Profit and Loss Account for the year	**1.08**	0.91

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.

2.2.8 Other Fixed Assets (including furniture & fixtures)

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

(₹ in crores)

Particulars	31 March, 2012	31 March, 2011
At cost at the beginning of the year	**330.28**	266.73
Additions during the year	**57.01**	65.23
Deductions during the year	**(8.41)**	(1.68)
Accumulated depreciation as at 31 March	**(258.01)**	(208.38)
Closing balance as at 31 March	**120.87**	121.90
Depreciation charge for the year	**54.70**	46.87

2.2.9 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, 2012	31 March, 2011
Deferred tax assets on account of provisions for doubtful debts	**743.17**	574.23
Deferred tax assets on account of amortisation of HTM investments	**184.09**	164.04
Deferred tax assets on account of provision for employee benefits	**82.60**	70.66
Deferred tax liability on account of depreciation on fixed assets	**(23.06)**	(32.67)
Deferred tax assets on account of other contingencies	**6.94**	13.37
Other deferred tax assets	**33.71**	27.22
Net deferred tax asset	**1,027.45**	816.85

2.2.10 Employee Benefits

Provident Fund

The contribution to the employee's provident fund amounted to ₹67.88 crores (previous year ₹41.83 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, 2012
Discount rate for the term of the obligation	**8.35%**
Average historic yield on the investment portfolio	**9.09%**
Discount rate for the remaining term to maturity of the investment portfolio	**8.45%**
Expected investment return	**8.99%**
Guaranteed rate of return	**8.25%**

Superannuation

The Bank contributed ₹13.89 crores (previous year ₹10.17 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, 2012	31 March, 2011
Privileged leave	**252.40**	217.41
Sick leave	**20.26**	18.56
Total actuarial liability	**272.66**	235.97
Assumptions		
Discount rate	**8.35% p.a.**	8.05% p.a.
Salary escalation rate	**6.00% 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, 2012	31 March, 2011
Current Service Cost	**11.61**	9.03
Interest on Defined Benefit Obligation	**5.49**	3.85
Expected Return on Plan Assets	**(4.83)**	(3.34)
Net Actuarial Losses/(Gains) recognised in the year	**23.74**	0.67
Past Service Cost	**(3.72)**	8.75
Total included in "Employee Benefit Expense"	**32.29**	18.96
Actual Return on Plan Assets	**5.30**	2.57

Balance Sheet

Details of provision for gratuity

(₹ in crores)

	31 March, 2012	31 March, 2011
Fair Value of Plan Assets	**97.91**	63.43
Present Value of Funded Obligations	**(93.40)**	(60.65)
Net Asset/(Liability)	**4.51**	2.78
Amounts in Balance Sheet		
Liabilities	**-**	-
Assets	**4.51**	2.78
Net Asset/(Liability)	**4.51**	2.78

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

(₹ in crores)

	31 March, 2012	31 March, 2011
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**60.65**	42.56
Current Service Cost	**11.61**	9.03
Interest Cost	**5.49**	3.85
Actuarial Losses/(Gains)	**24.22**	(0.11)
Past service cost	**(3.72)**	8.75
Benefits Paid	**(4.85)**	(3.43)
Closing Defined Benefit Obligation	**93.40**	60.65

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

(₹ in crores)

	31 March, 2012	31 March, 2011
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	**63.43**	43.97
Expected Return on Plan Assets	**4.83**	3.34
Actuarial Gains/(Losses)	**0.48**	(0.78)
Contributions by Employer	**34.02**	20.33
Benefits Paid	**(4.85)**	(3.43)
Closing Fair Value of Plan Assets	**97.91**	63.43

Experience adjustments

(₹ in crores)

	31 March, 2012	**31 March, 2011**	**31 March, 2010**	**31 March, 2009**	**31 March, 2008**
Defined Benefit Obligations	**93.40**	60.65	42.56	36.37	23.35
Plan Assets	**97.91**	63.43	43.97	29.75	17.74
Surplus/(Deficit)	**4.51**	2.78	1.41	(6.62)	(5.61)
Experience Adjustments on Plan Liabilities	**27.08**	1.40	1.16	3.38	3.56
Experience Adjustments on Plan Assets	**0.48**	(0.78)	0.46	(0.73)	(0.17)

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

	31 March, 2012 %	31 March, 2011 %
Government securities	**42.81**	40.48
Bonds, debentures and other fixed income instruments	**43.85**	34.66
Money market instruments	**9.89**	18.34
Equity shares	**2.31**	5.20
Others	**1.14**	1.32

	31 March, 2012	31 March, 2011
Principal actuarial assumptions at the Balance Sheet date:		
Discount Rate	**8.35% p.a.**	8.05% 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 30 (age in years)	**20.41%**	16.55%
- 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.

2.2.11 Provisions and contingencies

a) Movement in provision for frauds included under other liabilities is set out below:

(₹ in crores)

	31 March, 2012	31 March, 2011
Opening balance at the beginning of the year	**4.99**	0.21
Additions during the year	**12.40**	4.78
Reductions on account of payments during the year	**(0.02)**	-
Reductions on account of reversals during the year	**(0.02)**	-
Closing balance at the end of the year	**17.35**	4.99

b) Movement in provision for debit/credit card reward points is set out below:

(₹ in crores)

	31 March, 2012	31 March, 2011
Opening provision at the beginning of the year	**25.01**	18.41
Provision made during the year	**20.28**	8.25
Reductions during the year	**(2.01)**	(1.65)
Closing provision at the end of the year	**43.28**	25.01

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

(₹ in crores)

	31 March, 2012	31 March, 2011
Opening provision at the beginning of the year	**36.44**	-
Provision made during the year	**0.38**	36.44
Reductions during the year	**(36.01)**	-
Closing provision at the end of the year	**0.81**	36.44

2.2.12 Unclaimed Shares:

Details of unclaimed shares as of 31 March, 2012 and 31 March, 2011 are as follows:

	31 March, 2012	31 March, 2011
Aggregate number of shareholders at the beginning of the year	**38**	49
Total outstanding shares in Unclaimed Suspense Account at the beginning of the year	**4,900**	6,200
Number of shareholders who approached to issuer for transfer of shares from Unclaimed Suspense Account during the year	**9**	11
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	**9**	11
Aggregate number of shareholders at the end of the year	**29**	38
Total outstanding shares in Unclaimed Suspense Account at the end of the year	**3,600**	4,900

2.2.13 Small and Micro Industries

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

2.2.14 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 standardized 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 standardized, 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.

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

For Axis Bank Ltd.

Adarsh Kishore
Chairman

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

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

Date : 27th April, 2012
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, 2012, 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)

Place : Mumbai
Date : 27th April, 2012

CORPORATE GOVERNANCE

(Forming Part of the Directors' Report for the year ended 31st March, 2012)

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 11 Directors and its mix provides a combination of professionalism, knowledge and experience required in the banking business. There are 6 independent Directors constituting more than 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, 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:

Adarsh Kishore	Chairman Promoter – Nominee of SUUTI
Shikha Sharma	Managing Director and Chief Executive Officer
Rama Bijapurkar	Independent
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

Dr. Adarsh Kishore, Smt. Shikha Sharma, Shri S. K. Chakrabarti (who retired on 30th September, 2011), Shri M. V. Subbiah (who resigned with effect from 26th April, 2012), Shri R. B. L. Vaish (who resigned with effect from 5th September, 2011), Smt. Rama Bijapurkar, Shri J. R. Varma (who retired on 17th June, 2011), Shri S. B. Mathur (Chairman of Audit Committee), Shri V. R. Kaundinya, Shri Prasad R. Menon and Shri R. N. Bhattacharyya attended the last Annual General Meeting held on 17th June, 2011 at Ahmedabad.

In all, 10 meetings of the Board were held during the year on 22nd April, 2011, 17th June, 2011, 21st July, 2011, 22nd July, 2011, 5th September, 2011, 16th September, 2011, 21st October, 2011, 22nd October, 2011, 20th January, 2012 and 13th February, 2012.

Dr. Adarsh Kishore, Smt. Shikha Sharma, Smt. Rama Bijapurkar and Shri R. N. Bhattacharyya attended all the ten meetings. Shri K. N. Prithviraj and Shri S. B. Mathur attended nine meetings. Shri V. R. Kaundinya and Shri Prasad R. Menon attended seven meetings. Shri S. K. Chakrabarti attended all the six meetings for which he was eligible. Shri M. V. Subbiah attended five meetings. Shri R. B. L. Vaish attended all the four meetings for which he was eligible. Prof. Samir K. Barua and Shri A. K. Dasgupta attended four meetings out of six meetings for which they were eligible. Dr. R. H. Patil (who expired on 12th April, 2012) could attend three meetings. Shri. J. R. Varma attended one meeting for which he was eligible. Shri S. K. Roongta and Shri Som Mittal attended one meeting out of two meetings for which they were eligible.

The Directors of the Bank also hold positions as directors, trustees, members and partners in other well-known and reputed companies, trusts, firms etc. as per the details given below:

i. ADARSH KISHORE

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	AEGON Religare Life Insurance Company Limited	Director/Chairman - Audit Committee/Chairman - Ethics & Compliance Committee/Member - Nomination & Remuneration Committee/Chairman - Policy holders Protection Committee
2.	Havells India Limited	Director
3.	Advisory Board of Chartered Finance Management Limited	Member
4.	CFM International Limited	Director

ii. SHIKHA SHARMA

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Axis Asset Management Company Limited	Chairperson
2.	Axis U.K. Limited	Chairperson
3.	Axis Private Equity Limited	Director

iii. RAMA BIJAPURKAR

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	CRISIL Risk & Infrastructure Solutions Limited	Chairperson
2.	CRISIL Limited	Director/Member – Compensation Committee/ Member – Allotment Committee
3.	Mahindra Holidays & Resorts India Limited	Director/Chairperson – Remuneration Committee/ Member – Audit Committee
4.	Mahindra & Mahindra Financial Services Limited	Director/Member – Audit Committee/Member – Risk Management Committee
5.	ICICI Prudential Life Insurance Company Limited	Director/Chairperson – Board Nomination & Compensation Committee/Member – Board Risk Management Committee
6.	Ambit Holdings Private Limited	Director
7.	Janalakshmi Financial Services Pvt. Limited	Director
8.	Vishwas (Vision for Health Welfare & Special Needs) (Section 25 company)	Director
9.	Banking Codes and Standards Board of India (BCSBI)	Member – Governing Council

iv. 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/Member – Remuneration & Nomination Committee
3.	Surana Power Limited	Director
4.	Dwarikeshwar Sugars Industries Limited	Director/Chairman – Audit Committee
5.	Falcon Tyres Limited	Director/Member – Audit Committee
6.	Daiwa Trustees Private Limited	Director/Member – Audit Committee
7.	PNB Investment Services Limited	Director
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.	Oversight Committee on Sale of Assets of IIBI (Government of India)	Member
11.	Eurasia Investment Advisors Pvt. Limited	Director

v. 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.	Unicorn Seeds Private Limited	Director
4.	Warrantify Oy	Director

vi. S. B. MATHUR

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Orbis Financial Corporation Limited	Chairman/Member – Audit Committee
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/Chairman – Audit Committee
5.	HDIL Limited	Director
6.	HOEC 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.	General Insurance Corporation of India	Director/Chairman – Audit Committee
16.	National Investment Fund	Advisor
17.	IDFC Trustee Company Limited	Trustee
18.	AIG Trustee Company Private Limited	Trustee

vii. **PRASAD R. MENON**

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	NELCO Limited	Chairman/Member – Nominations Committee
2.	Tata Consulting Engineers Limited	Chairman/Member – Remuneration & Nomination/ Member – Executive Committee of the Board
3.	Tata Chemicals Limited	Director/ Member – Executive Committee of the Board
4.	Tata Projects Limited	Director/Member – Remuneration Committee
5.	Tata Industries Limited	Director/Member – Audit Committee
6.	Tata BP Solar India Limited	Director/Member – Audit Committee
7.	The Sanmar Group	Director
8.	SKF India Limited	Director/Member – Audit Committee

viii. **R. N. BHATTACHARYYA - NIL**

ix. **SAMIR K. BARUA**

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Bharat Petroleum Corporation Limited	Director/Chairman –Remuneration Committee/ Chairman –Project Evaluation Committee/Member – Audit Committee/Member – Standing Committee of the Board of Release of Flats
2.	STCI Finance Limited	Director/Chairman – HR Committee/Member – Audit Committee
3.	Coal India Limited	Director/Chairman – HRM Committee/Chairman –Remuneration Committee/Member – Audit Committee
4.	Torrent Power Limited	Director/Member – Audit Committee
5.	IOT Infrastructure and Energy Services Limited	Director/Member – Audit Committee
6.	Prasar Bharati	Part Time Member/Member – Strategy and Vision Committee/Member – Empowered Committee on Finance
7.	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

x. **A. K. DASGUPTA**

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

xi. SOM MITTAL

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

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

Shikha Sharma

S. B. Mathur

K. N. Prithviraj

Prasad R. Menon

b) Audit Committee

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

c) Risk Management Committee

Adarsh Kishore - Chairman
Shikha Sharma
K. N. Prithviraj
Samir K. Barua

d) Shareholders/Investors Grievance Committee

Adarsh Kishore - Chairman
S. B. Mathur
R. N. Bhattacharyya

e) HR and Remuneration Committee

Rama Bijapurkar - Chairperson
K. N. Prithviraj
Prasad R. Menon

f) Nomination Committee

S. B. Mathur – Chairman
V. R. Kaundinya
Rama Bijapurkar

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

Shikha Sharma - Chairperson
V. R. Kaundinya
R. N. Bhattacharyya

h) Customer Service Committee

Adarsh Kishore - Chairman
Shikha Sharma
Samir K. Barua

i) Committee of Whole-Time Directors

Shikha Sharma - Chairperson
Whole-Time Director (Presently vacant)

j) Acquisitions, Divestments and Mergers Committee

Shikha Sharma
Rama Bijapurkar
K. N. Prithviraj
V. R. Kaundinya
S. B. Mathur
Prasad R. Menon

k) IT Strategy Committee

Som Mittal - Chairman
Shikha Sharma
Prasad R. Menon

The functions of the Committees are discussed below:

a) Committee of Directors

The Committee of Directors (COD) functions with the following main objectives:

i. To provide approvals for loans above certain stipulated limits, discuss strategic issues in relation to credit policy and deliberate on the quality of the credit portfolio.

ii. To monitor the exposures (both credit and investment) of the Bank.

iii. To sanction expenditures above certain stipulated limits.

iv. To approve expansion of the location of the Bank's Network of offices, branches, extension counters, ATMs and Currency Chests.

v. To review investment strategy and approve investment related proposals above certain limits.

vi. To approve proposals relating to the Bank's operations covering all departments and business segments.

vii. To ensure compliance with the statutory and regulatory framework, etc.; and

viii. To discuss issues relating to day to day affairs and problems and to take such steps as may be deemed necessary for the smooth functioning of the Bank. 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:

11 meetings of the Committee of Directors were held during the year on 25th April, 2011, 31st May, 2011, 24th June, 2011, 27th July, 2011, 19th August, 2011, 15th September, 2011, 8th November, 2011, 19th December, 2011, 30th January, 2012, 27th February, 2012 and 20th March, 2012. Smt. Shikha Sharma attended all the eleven meetings. Shri S. B. Mathur attended ten meetings. Shri K. N. Prithviraj attended nine meetings. Dr. R. H. Patil and Shri Prasad R. Menon attended seven meetings. Shri S. K. Chakrabarti attended all the six meetings for which he was eligible. Shri V. R. Kaundinya attended one 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 (RBI Circular dated 26.9.1995).

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 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 (Amended Clause 49 – SEBI circular dated 5.4.2010).

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 21st April, 2011, 31st May, 2011, 24th June, 2011, 21st July, 2011, 6th September, 2011, 10th October, 2011, 22nd October, 2011, 1st December, 2011, 19th December, 2011, 19th January, 2012, 13th February, 2012 and 19th March, 2012. Shri S. B. Mathur attended all the twelve meetings. Shri V. R. Kaundinya attended six meetings out of ten meetings for which he was eligible. Shri K. N. Prithviraj attended all the five meetings for which he was eligible. Shri R. B. L. Vaish attended all the four meetings for which he was eligible. Prof. Samir K. Barua attended four meetings out of five meetings for which he was eligible. Dr. R. H. Patil and Shri S. K. Roongta attended one meeting out of two meetings for which they were eligible.

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:

4 meetings of the Risk Management Committee were held during the year on 22nd April, 2011, 21st July, 2011, 5th December, 2011 and 13th February, 2012. Dr. Adarsh Kishore and Smt. Shikha Sharma attended all the four meetings. Shri K. N. Prithviraj attended all the three meetings for which he was eligible. Shri S. K. Chakrabarti and Prof. Samir K. Barua attended two meetings for which they were eligible. Shri J. R. Varma and Shri R. B. L. Vaish attended one meeting for which they were 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 21st April, 2011, 20th July, 2011, 5th December, 2011 and 19th January, 2012. Dr. Adarsh Kishore attended all the four meetings. Shri S. B. Mathur attended three meetings. Shri R. N. Bhattacharyya attended all the three meetings for which he was eligible. Shri K. N. Prithviraj and Shri R. B. L. Vaish attended one meeting for which they were eligible.

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, 2011 to 31st March, 2012

Sr. No.	Nature of Reference/Complaints	Received	Disposed Off	Pending
1.	Change of Address	361	361	-
2.	Bank Mandates	44	44	-
3.	ECS	315	315	-
4.	Nomination	135	135	-
5.	Non-receipt of Share Certificates	57	57	-
6.	Correction of names	8	8	-
7.	Stock Exchange queries	1	1	-
8.	NSDL/CDSL Queries	-	-	-
9.	SEBI	4	4	-
10.	Receipt of dividend warrant for revalidation	302	302	-
11.	Non-receipt of Dividend	827	827	-
12.	Non-receipt of Annual Report	31	31	-
13.	Transfers	421	421	-

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, an 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:

8 meetings of HR and Remuneration Committee were held during the year on 16th April, 2011, 30th May, 2011, 7th June, 2011, 18th August, 2011, 1st December, 2011, 28th December, 2011, 4th February, 2012 and 7th February, 2012. Smt. Rama Bijapurkar, Shri K. N. Prithviraj and Shri Prasad R. Menon attended all the eight meetings. Dr. R. H. Patil attended six meetings. Shri S. K. Roongta attended one meeting out of three meetings for which he was eligible.

Remuneration Policy

The Bank believes that to attract the right talent, the Remuneration Policy should be structured in line with other peer group banks, and is sensitive to compensation packages in this part of the financial market. Compensation is structured in terms of fixed pay, variable pay and employee stock options, with the last two being strongly contingent on employee performance. The Remuneration Policy for the Chairman, MD & CEO and other Whole-time Directors is similarly structured and approved by the Board of Directors, the shareholders and the RBI from time to time.

Remuneration of Directors

i. Dr. Adarsh Kishore has been appointed as Chairman of the Bank for a period of three years w.e.f. 8th March, 2010. 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 ₹75,000 per month. Approval of Board and Reserve Bank of India has been received to increase the expenses for maintenance of office to ₹1,00,000 per month w.e.f. 1st April, 2011 and approval of shareholders is being requested in the ensuing Annual General Meeting. An application has been made to the Central Government for its approval in the matter which is expected to be received after the approval of shareholders is obtained.

ii. Smt. Shikha Sharma was appointed as the Managing Director and Chief Executive Officer of the Bank for a period of three years w.e.f. 1st June, 2009. The Board at its meeting held on 13th February, 2012 has re-appointed her for a further period of three years with effect from 1st June, 2012 till 31st May, 2015.

The details of remuneration paid to Smt. Shikha Sharma during the year under review are given below in sub-para v.

Smt. Shikha Sharma was granted 1,00,000, 1,75,000 and 2,00,000 options under the Employee Stock Option Plan Grant IX B (13th July, 2009), Grant X (20th April, 2010) and Grant XI (22nd April, 2011) respectively. From these tranches, 97,500 options were vested up to 31st March, 2012 and 15,000 options have been exercised by Smt. Shikha Sharma till 31st March, 2012.

iii. Shri S. K. Chakrabarti was appointed as Deputy Managing Director of the Bank with effect from 27th September, 2010. The term of Shri S. K. Chakrabarti was up to 30th September, 2011, the last day of the month in which he attained the age of superannuation. The approval of the shareholders to the appointment of Shri S. K. Chakrabarti as the Deputy Managing Director and payment of remuneration was obtained in the Annual General Meeting held on 17th June, 2011.

The details of remuneration paid to Shri S. K. Chakrabarti during the year under review are given below in sub-para v.

Shri S. K. Chakrabarti was granted 3,55,380 options in total under various tranches under the Employee Stock Option Plan (out of which 85,000 options were granted after he was appointed as Deputy Managing Director). From these tranches, 1,96,204 options were vested out of which 1,59,046 options were exercised up to 30th September, 2011 and 37,158 options were unexercised. 1,59,176 options were unvested as on 30th September, 2011.

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

v. The details of remuneration paid to the Whole-time Directors during 2011-12 are as under:

(In ₹)

	Smt. Shikha Sharma	**Shri S. K. Chakrabarti**
For the Period	1.4.2011 to 31.3.2012	1.4.2011 to 30.9.2011
Salary	1,52,06,666	40,99,998
Leave Fare Concession facility	8,80,000	4,00,002
House Rent Allowance	58,40,000	-
Variable pay	33,85,416	22,00,929
Other Allowance	-	7,50,000
Provident Fund	@ 12% of pay with equal contribution by the Bank or as decided by the Board of Trustees from time to time	@ 12% of pay with equal contribution by the Bank or as decided by the Board of Trustees from time to time
Gratuity	One month's salary for each completed year of service or part thereof.	1,34,03,840
Superannuation	10% of basic pay p.a.	4,10,000
Leave Encashment	-	49,76,109

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.

vi. All Directors of the Bank, except for Smt. Shikha Sharma and Shri S. K. Chakrabarti, 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 ₹51,20,000 was paid to the Directors of the Bank.

Sitting Fees

The details of sitting fees paid to the Directors during 2011-12 are as follows:

Sr. No.	Name of Director	Sitting Fees (₹)
1.	Adarsh Kishore	4,40,000
2.	J. R. Varma	60,000
3.	R. H. Patil	3,80,000
4.	Rama Bijapurkar	5,20,000
5.	R. B. L. Vaish	3,00,000
6.	M. V. Subbiah	1,00,000
7.	K. N. Prithviraj	7,60,000
8.	V. R. Kaundinya	4,60,000
9.	S. B. Mathur	8,80,000
10.	S. K. Roongta	60,000
11.	Prasad R. Menon	5,00,000
12.	R. N. Bhattacharyya	3,00,000
13.	Samir K. Barua	2,40,000
14.	A. K. Dasgupta	80,000
15.	Som Mittal	40,000
	TOTAL	**51,20,000**

The details of shares of the Bank, held by the non-whole time Directors as on 31st March, 2012 are as follows:

Name of Director	No. of shares held
S. B. Mathur	200 equity shares

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:

7 meetings of Nomination Committee were held during the year on 21st April, 2011, 10th May, 2011, 22nd July, 2011, 11th August, 2011, 5th September, 2011, 10th October, 2011 and 13th February, 2012. Shri S. B. Mathur attended all the seven meetings. Smt. Rama Bijapurkar attended six meetings. Shri V. R. Kaundinya attended five meetings. Shri R. B. L. Vaish attended all the three meetings for which he was eligible.

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:

2 meetings of Special Committee of the Board of Directors for Monitoring of Large Value Frauds were held during the year on 6th September, 2011 and 7th February, 2012. Smt. Shikha Sharma, Shri V. R. Kaundinya and Shri R. N. Bhattacharyya attended both the meetings. Shri S. K. Chakrabarti attended one meeting for which he was eligible.

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 16th June, 2011, 20th July, 2011, 5th December, 2011 and 14th March, 2012. Dr. Adarsh Kishore and Smt. Shikha Sharma attended all the four meetings. Shri R. B. L. Vaish, Shri S. K. Chakrabarti and Prof. Samir K. Barua attended two meetings for which they were eligible. Shri. J. R. Varma attended one meeting for which he was eligible.

i) Committee of Whole-Time Directors

The Committee of Whole-time Directors functions with the following main objectives:

i. Allotment of shares under ESOP.

ii. Grant of Powers of Attorney.

iii. Issue of duplicate share certificates.

iv. To apply for registration of the Company with various authorities of any state or Centre including sales tax authorities, income tax authorities, shops & establishment authorities, and to do or perform all matters relating to such matters.

v. To authorise persons to represent the Bank at General Meetings of any company, association of persons, cooperative society or any institution, of which the Bank is a shareholder/member.

vi. To authorise employee(s) or others to execute, for and on behalf of the Bank, agreements, applications, deeds, documents and any other writings in connection with the business of the Bank.

vii. Any other routine administrative matters.

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 28th April, 2011, 30th May, 2011, 22nd June, 2011, 20th July, 2011, 22nd August, 2011 and 16th September, 2011.

j) Acquisitions, Divestments and Mergers Committee

The Special Committee of the Board for Strategic Oversight of Integration of Businesses was constituted on 17th January 2011 and thereafter a new committee 'Acquisitions, Divestments and Mergers Committee' was formed on 22nd April, 2011 in its place. 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:

3 meetings of Acquisitions, Divestments and Mergers Committee were held during the year on 15th September, 2011, 13th February, 2012 and 19th March, 2012. Smt. Shikha Sharma, Shri S. B. Mathur and Shri K. N. Prithviraj attended all the three meetings. Dr. R. H. Patil, Smt. Rama Bijapurkar, Shri V. R. Kaundinya and Shri Prasad R. Menon attended two meetings.

k) IT Strategy Committee

In terms of RBI circular dated 29th April, 2011 on 'Working Group on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds - Implementation of Recommendations', an IT Strategy Committee was constituted on 22nd October, 2011 and 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.

Meeting and Attendance during the year:

One meeting of IT Strategy Committee was held during the year on 20th January, 2012. All the members of the Committee i.e. Shri Som Mittal, Shri Prasad R. Menon and Smt. Shikha Sharma attended the same.

3. General Body Meetings:

The last three Annual General Meetings were held as follows:

Annual General Meeting	Date and Day	Time	Location
15th	1.6.2009 - Monday	10.00 a.m.	Bhaikaka Bhavan, Ellisbridge, Ahmedabad – 380 006
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

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
15th	1.6.2009	• Resolution No. 5 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956. • Resolution No. 7 - Partial modification to the approval given by shareholders through postal ballot notice dated 9th January, 2009 to the Articles of Association of the Company in respect of separation of the post of Chairman and CEO into the posts of i) Non-Executive Chairman and ii) Managing Director. The effective date of the alteration of Articles of Association changed to 1st June, 2009 instead of 1st August, 2009.
Resolution passed through Postal Ballot	Date of Scrutinizer's Report - 9.9.2009	• Special Resolution for increasing the Number of Directors to Fifteen*. • Special Resolution for alteration of Articles 88 and 89(10) of the Articles of Association of the Bank in respect of increasing the number of Directors to Fifteen and for alteration to the Articles of Association in respect of replacing the words 'Whole-time/Executive Director(s)' wherever appearing in Articles 118 (2a), 118(3) and 118(4) of the Articles of Association, by the words 'Whole-time/Executive/Joint/Deputy Managing Director(s)'**. • Special Resolution for Raising Tier I Capital ***.

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.

* Resolution proposing the increase in the number of Directors to Fifteen was passed through postal ballot. Shri Ashwin Lalbhai Shah, an Advocate of the Gujarat High Court, who was appointed as Scrutinizer by the Bank, received a total of 1,384 numbers of ballots. Out of 1,384 ballots received by Shri Shah, 1,341 were valid ballots and 43 were invalid ballots. Out of 1,341 shareholders, 99.44% had assented for the Resolution.

** Resolution proposing the alteration to the Articles of Association was passed through postal ballot. Shri Ashwin Lalbhai Shah appointed as Scrutinizer by the Bank as stated above, received a total of 1,384 numbers of ballots. Out of 1,384 ballots received by Shri Shah, 1,337 were valid ballots and 47 were invalid ballots. Out of 1,337 shareholders, 99.99% had assented for the Resolution.

*** Resolution proposing Raising of Tier I Capital was passed through postal ballot. Shri Ashwin Lalbhai Shah appointed as Scrutinizer by the Bank as stated above, received a total of 1,384 numbers of ballots. Out of 1,384 ballots received by Shri Shah, 1,336 were valid ballots and 48 were invalid ballots. Out of 1,336 shareholders, 99.24% had assented for the Resolution.

No Resolution in the notice of the proposed Eighteenth 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)
1.	2006-07	45% (₹4.50 per share)	1.6.2007	2.6.2007
2.	2007-08	60% (₹6.00 per share)	6.6.2008	7.6.2008
3.	2008-09	100% (₹10.00 per share)	1.6.2009	2.6.2009
4.	2009-10	120% (₹12.00 per share)	8.6.2010	9.6.2010
5.	2010-11	140% (₹14.00 per share)	17.6.2011	18.6.2011

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 2004-05 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
2004-05	Final	10.6.2005	10.7.2012
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

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 last three years, penalty of ₹50 was imposed by National Securities Depository Limited on the Bank for its activity as Depository Participant.

- 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 misdemeanors committed by the Bank's personnel by approaching a Committee set-up for the purpose (known as the Whistleblower Committee). In case senior management commits 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 misdemeanors. The Policy also provides the facility to report wrongdoing in an anonymous manner. 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 at regular intervals.

- 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 forwarded to each shareholder through post and also by email along with a letter from the Managing Director and Chief Executive Officer.
- 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 2011-12 is part of the Annual Report.

7. General Shareholder Information

- AGM: Date, time and venue - 22^{nd} June, 2012 – 10.00 A.M.
  At J. B. Auditorium
  Ahmedabad Management Association
  AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg Ahmedabad – 380 015.
- Financial Year/ Calendar - 1^{st} April, 2012 to 31^{st} March, 2013. The meetings to consider quarterly results for the quarter ending June 2012, September 2012 and December 2012 are proposed to be held during second half of July 2012, October 2012 and January 2013. The meeting to consider audited annual accounts and Q4 results is proposed to be held during the second half of April 2013.
- Date of Book Closure - 16^{th} June, 2012 to 22^{nd} June, 2012 (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 15^{th} June, 2012.
- Dividend Payment Date - The despatch of the dividend warrants/ECS credit would commence on 23^{rd} June, 2012 and is expected to be completed on or before 2^{nd} July, 2012.

- 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 2012-13 have been paid to all the Stock Exchanges where the shares are listed.

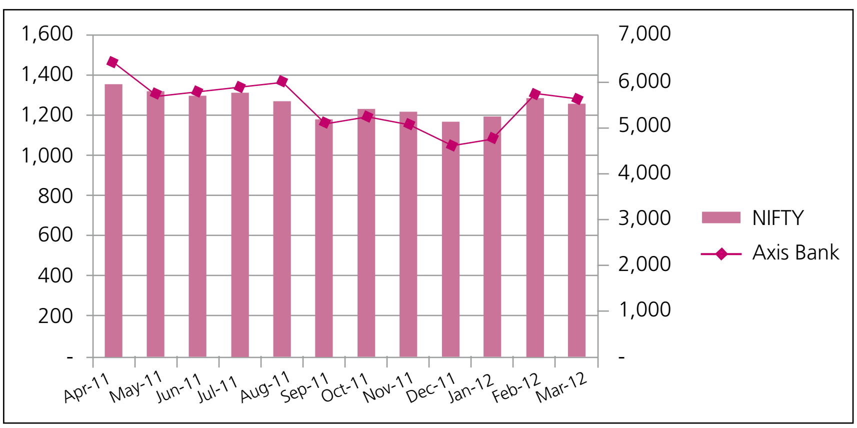
ISIN for equity shares	:	INE 238A01026
Name of Depositories	:	i. National Securities Depository Limited
		ii. Central Depository Services (India) Limited
ISIN for GDRs	:	US05462W1099

- 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 2011	1,460.45	1,270.30
May 2011	1,298.00	1,175.00
June 2011	1,316.00	1,201.00
July 2011	1,342.00	1,232.00
August 2011	1,367.55	991.80
September 2011	1,161.00	1,010.60
October 2011	1,194.00	945.20
November 2011	1,156.30	921.10
December 2011	1,052.45	803.30
January 2012	1,088.00	784.00
February 2012	1,308.45	1,053.30
March 2012	1,283.70	1,095.20

- The Bank's share price has moved in accordance with the movement of NIFTY. It touched a high of ₹1,460.45 in April 2011 and low of ₹784 in January 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 2011	34.08	28.75
May 2011	29.00	25.63
June 2011	29.49	26.01
July 2011	31.96	28.00
August 2011	30.64	21.72
September 2011	25.25	20.55

MONTH	HIGH (USD)	LOW (USD)
October 2011	24.43	19.10
November 2011	23.89	17.54
December 2011	20.60	14.75
January 2012	23.00	15.40
February 2012	26.95	21.66
March 2012	25.90	21.00

- **Registrar and Share Transfer Agent:**

M/s. Karvy Computershare Private Limited
Unit : Axis Bank Limited
Plot No. 17 to 24, Vithalrao 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 Whole-time Director (presently vacant), 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 Agent, M/s Karvy Computershare Pvt. Limited, Hyderabad looks after the work relating to transfers.

The Bank ensures that all transfers are effected within a period of one month 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:

	2009-10	2010-11	2011-12
Number of transfer deeds	599	623	421
Number of shares transferred	43,000	42,200	32,601

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 percent holding at 31st March, 2012

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	23.53
Life Insurance Corporation of India*	4,00,40,156	9.69
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	3,52,95,613	8.54
HSBC Bank (Mauritius) Limited A/c HSBC IRIS Investments (Mauritius) Limited	1,96,09,210	4.75
HSBC Bank (Mauritius) Limited A/c Cinnamon Capital Limited	1,81,21,155	4.39
ICICI Prudential Life Insurance Company Limited	1,40,46,355	3.40
Genesis Indian Investment Company Limited – General Sub Fund	1,20,40,580	2.91
General Insurance Corporation of India	75,75,000	1.83
Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund	41,74,282	1.01

*Save and except 4,00,40,156 shares equivalent to 9.69% 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, 2012**

Total nominal value ₹	:	4,13,20,39,520
Nominal value of each equity share ₹	:	10
Total number of equity shares	:	41,32,03,952
Distinctive numbers	:	1 to 41,32,03,952

Shareholding of Nominal Value		Shareholders		Share Amount Nominal Value	
₹	₹	Numbers	% to total Shareholders	In ₹	% to total Capital
Up to	5,000	1,84,379	95.77	11,89,68,860	2.88
5,001	10,000	4,164	2.16	3,06,26,520	0.74
10,001	20,000	1,602	0.83	2,29,15,880	0.55
20,001	30,000	566	0.30	1,39,24,710	0.34
30,001	40,000	278	0.14	96,64,920	0.23
40,001	50,000	218	0.11	99,25,180	0.24
50,001	100,000	417	0.22	2,95,54,780	0.72
100,001	Above	903	0.47	3,89,64,58,670	94.30
TOTAL		**1,92,527**	**100.00**	**4,13,20,39,520**	**100.00**

As on 31st March, 2012, out of total equity shares of the Bank, 41,10,28,114 shares representing 99.47% 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, 2012 were 3,52,95,613.

- 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/rajendra.swaminarayan@axisbank.com

Compliance with the Code of Conduct - FY 2011-12

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 and CEO

27th April, 2012

AXIS BANK LIMITED GROUP - AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
OF AXIS BANK LIMITED

1. We have audited the attached Consolidated Balance Sheet of **AXIS BANK LIMITED** ("the Bank") and its subsidiaries (the Bank and its subsidiaries constitute "the Group") as at 31 March, 2012, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Bank's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries whose financial statements reflect total assets of ₹137.28 crores as at 31st March, 2012, total revenue of ₹80.74 crores and net cash flows amounting to ₹0.31 crores for the year then ended as considered in the Consolidated Financial Statements. The financial statements and other financial information of these subsidiaries have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.
4. The financial statements also include ₹1.27 crores being the Group's proportionate share in the profit of an associate which has been recognised on the basis of the unaudited financial statements available with the Bank.
5. Without qualifying our report, we invite attention to Note 1(a) of Schedule 18 regarding the Scheme of Arrangement for the demerger of Enam Securities Private Ltd. with the Bank's subsidiary. For the reasons stated therein, no effect to the proposed Scheme has been given in the accounts.
6. We report that the consolidated financial statements have been prepared by the Bank in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) notified under the Companies (Accounting Standards) Rules, 2006.
7. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Bank and its subsidiaries and to the best of our information and according to the explanations given to us, subject to our comments in paragraph 4 regarding unaudited amount of the associate, in our opinion, the 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, 2012;
   (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.

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

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

Place : Mumbai
Date : 27th April, 2012

AXIS BANK LIMITED GROUP - BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2012

	Schedule No.	**As at 31-03-2012 (₹ *in Thousands*)**	As at 31-03-2011 (₹ *in Thousands*)
CAPITAL AND LIABILITIES			
Capital	1	**4,132,039**	4,105,458
Reserves & Surplus	2	**222,685,105**	184,840,608
Deposits	3	**2,199,876,805**	1,891,664,314
Borrowings	4	**340,716,721**	262,678,824
Other Liabilities and Provisions	5	**86,754,428**	82,377,311
TOTAL		**2,854,165,098**	2,425,666,515
ASSETS			
Cash and Balances with Reserve Bank of India	6	**107,029,222**	138,861,631
Balances with Banks and Money at Call and Short Notice	7	**32,313,084**	75,224,928
Investments	8	**929,214,413**	717,875,486
Advances	9	**1,697,595,386**	1,424,078,286
Fixed Assets	10	**22,841,378**	22,929,164
Other Assets	11	**65,171,615**	46,697,020
TOTAL		**2,854,165,098**	2,425,666,515
Contingent liabilities	12	**4,802,382,789**	4,453,928,740
Bills for collection		**346,346,043**	324,731,072
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

Adarsh Kishore
Chairman

Z. F. Billimoria
Partner

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

Date : 27th April, 2012
Place: Mumbai

AXIS BANK LIMITED GROUP - PROFIT & LOSS ACCOUNT

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2012

		Schedule No.	**Year ended 31-03-2012 (₹ in Thousands)**	Year ended 31-03-2011 (₹ in Thousands)
I	**INCOME**			
	Interest earned	13	**219,948,991**	151,548,566
	Other income	14	**54,871,922**	46,714,492
	TOTAL		**274,820,913**	198,263,058
II	**EXPENDITURE**			
	Interest expended	15	**139,691,770**	85,886,082
	Operating expenses	16	**60,998,947**	48,604,739
	Provisions and contingencies	18 (2.1.1)	**31,945,090**	30,325,512
	TOTAL		**232,635,807**	164,816,333
III	Share in Profit/(Loss) of Associate		**12,683**	(47,659)
IV	**CONSOLIDATED NET PROFIT ATTRIBUTABLE TO GROUP**		**42,197,789**	33,399,066
	Balance in Profit & Loss Account brought forward from previous year		**48,644,522**	33,716,338
V	**AMOUNT AVAILABLE FOR APPROPRIATION**		**90,842,311**	67,115,404
VI	**APPROPRIATIONS :**			
	Transfer to Statutory Reserve		**10,605,513**	8,471,227
	Transfer to/(from) Investment Reserve		**-**	(149,372)
	Transfer to Capital Reserve		**519,047**	47,630
	Transfer to General Reserve		**10,721**	3,396,591
	Proposed dividend (includes tax on dividend)	18 (2.1.6)	**7,702,550**	6,704,806
	Balance in Profit & Loss Account carried forward		**72,004,480**	48,644,522
	TOTAL		**90,842,311**	67,115,404
VII	**EARNINGS PER EQUITY SHARE**	18 (2.1.4)		
	(Face value ₹10/- per share) (Rupees)			
	Basic		**102.40**	81.77
	Diluted		**101.66**	80.44
	Significant Accounting Policies and Notes to accounts	17 & 18		

Schedules referred to above form an integral part of the Consolidated Profit and Loss Account

In terms of our report attached.

For Axis Bank Ltd.

For Deloitte Haskins & Sells
Chartered Accountants

Adarsh Kishore
Chairman

Z. F. Billimoria
Partner

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

Date : 27th April, 2012
Place: Mumbai

AXIS BANK LIMITED GROUP - CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

	Year ended 31-03-2012 (₹ in Thousands)	Year ended 31-03-2011 (₹ in Thousands)
Cash flow from operating activities		
Net profit before taxes	**62,699,932**	50,971,944
Adjustments for:		
Depreciation on fixed assets	**3,481,517**	2,936,884
Depreciation on investments	**580,985**	992,677
Amortisation of premium on Held to Maturity investments	**627,967**	605,614
Provision for Non Performing Assets (including bad debts)	**8,604,298**	9,551,195
Provision on standard assets	**1,503,036**	1,661,564
Provision for wealth tax	**3,600**	4,558
Provision for interest tax	**-**	2,879
(Profit)/loss on sale of fixed assets (net)	**(191,093)**	71,485
Provision for country risk	**48,100**	24,500
Provision for restructured assets	**888,600**	150,615
Provision for other contingencies	**(198,354)**	412,204
Amortisation of deferred employee compensation	**-**	(186)
	78,048,588	67,385,933
Adjustments for:		
(Increase)/Decrease in investments	**(165,820,597)**	(35,421,434)
(Increase)/Decrease in advances	**(282,226,283)**	(390,403,391)
Increase/(Decrease) in deposits	**308,212,491**	478,877,727
(Increase)/Decrease in other assets	**(15,613,749)**	(5,587,212)
Increase/(Decrease) in other liabilities & provisions	**1,790,934**	17,794,733
Direct taxes paid	**(23,434,170)**	(19,369,502)
Net cash flow from operating activities	**(99,042,786)**	113,276,854
Cash flow from investing activities		
Purchase of fixed assets	**(3,965,641)**	(13,711,316)
(Increase)/Decrease in Held to Maturity Investments	**(47,204,626)**	(125,320,416)
Proceeds from sale of fixed assets	**763,001**	133,710
Net cash used in investing activities	**(50,407,266)**	(138,898,022)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

	Year ended 31-03-2012 (₹ in Thousands)	Year ended 31-03-2011 (₹ in Thousands)
Cash flow from financing activities		
Proceeds from issue of Subordinated debt, perpetual debts & upper Tier II instruments (net of repayment)	**35,808,360**	(1,625,906)
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	**42,229,537**	92,609,218
Proceeds from issue of share capital	**26,581**	53,717
Proceeds from share premium	**1,336,820**	2,353,987
Payment of dividend	**(6,699,437)**	(5,695,356)
Net cash generated from financing activities	**72,701,861**	87,695,660
Effect of exchange fluctuation translation reserve	**2,003,938**	(46,833)
Net increase in cash and cash equivalents	**(74,744,253)**	62,027,659
Cash and cash equivalents at the beginning of the year	**214,086,559**	152,058,900
Cash and cash equivalents at the end of the year	**139,342,306**	214,086,559

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.

Adarsh Kishore
Chairman

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

Date : 27th April, 2012
Place: Mumbai

AXIS BANK LIMITED GROUP - SCHEDULES

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2012

		As at 31-03-2012 (₹ in Thousands)	As at 31-03-2011 (₹ in Thousands)
SCHEDULE 1 - CAPITAL			
Authorised Capital			
500,000,000 Equity Shares of ₹10/- each.		**5,000,000**	5,000,000
Issued, Subscribed and Paid-up capital			
413,203,952 (Previous year - 410,545,843) Equity Shares of ₹10/- each fully paid-up		**4,132,039**	4,105,458
SCHEDULE 2 - RESERVES AND SURPLUS			
I.	**Statutory Reserve**		
	Opening Balance	**27,820,350**	19,349,123
	Additions during the year	**10,605,513**	8,471,227
		38,425,863	27,820,350
II.	**Share Premium Account**		
	Opening Balance	**100,050,790**	97,695,255
	Additions during the year	**1,336,820**	2,355,535
	Less: Share issue expenses	**-**	-
		101,387,610	100,050,790
III.	**Investment Reserve Account**		
	Opening Balance	**-**	149,372
	Additions during the year	**-**	-
	Less: Deductions during the year	**-**	(149,372)
		-	-
IV.	**General Reserve**		
	Opening Balance	**3,545,596**	149,005
	Additions during the year	**19,221**	3,396,591
		3,564,817	3,545,596
V.	**Capital Reserve**		
	Opening Balance	**4,905,935**	4,858,305
	Additions during the year	**519,047**	47,630
		5,424,982	4,905,935
VI.	**Foreign Currency Translation Reserve** [Refer Schedule 17 (5.5)]		
	Opening Balance	**(126,585)**	(79,752)
	Additions during the year	**2,003,938**	(46,833)
		1,877,353	(126,585)
VII.	**Balance in Profit & Loss Account**	**72,004,480**	48,644,522
	TOTAL	**222,685,105**	184,840,608

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2012

			As at 31-03-2012 (₹ in Thousands)	As at 31-03-2011 (₹ in Thousands)
SCHEDULE 3 - DEPOSITS				
A.	I.	Demand Deposits		
		(i) From banks	**20,980,835**	14,305,111
		(ii) From others	**376,461,674**	354,770,292
	II.	Savings Bank Deposits	**516,679,577**	408,503,090
	III.	Term Deposits		
		(i) From banks	**100,943,739**	76,750,855
		(ii) From others	**1,184,810,980**	1,037,334,966
	TOTAL		**2,199,876,805**	1,891,664,314
B.	I.	Deposits of branches in India	**2,093,329,640**	1,826,058,325
	II.	Deposits of branches outside India	**106,547,165**	65,605,989
	TOTAL		**2,199,876,805**	1,891,664,314

SCHEDULE 4 - BORROWINGS				
	I.	Borrowings in India		
		(i) Reserve Bank of India	**1,150,000**	-
		(ii) Other Banks #	**4,472,000**	14,237,000
		(iii) Other institutions & agencies **	**121,210,990**	64,072,286
	II.	Borrowings outside India $	**213,883,731**	184,369,538
	TOTAL		**340,716,721**	262,678,824
	Secured borrowing included in I & II above		**-**	-

\# Borrowings from other banks include Subordinated Debt of ₹359.60 crores (previous year ₹364.60 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 ₹8,391.70 crores (previous year ₹4,966.70 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 ₹234.03 crores (previous year ₹205.14 crores) and Upper Tier II instruments of ₹1,067.24 crores (previous year ₹935.30 crores) [Also refer Note 18 (2.1.3)]

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2012

		As at 31-03-2012 (₹ in Thousands)	As at 31-03-2011 (₹ in Thousands)
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I.	Bills payable	**30,853,220**	37,445,308
II.	Inter-office adjustments (net)	**-**	-
III.	Interest accrued	**6,478,322**	4,143,337
IV.	Proposed dividend (includes tax on dividend)	**7,681,950**	6,678,836
V.	Contingent provision against standard assets	**7,799,683**	6,296,647
VI.	Others (including provisions)	**33,941,253**	27,813,183
	TOTAL	**86,754,428**	82,377,311

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in hand (including foreign currency notes)	**35,957,450**	22,082,834
II.	Balances with Reserve Bank of India :		
	(i) in Current Account	**71,071,772**	116,778,797
	(ii) in Other Accounts	**-**	-
	TOTAL	**107,029,222**	138,861,631

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	**3,516,323**	4,407,510
	(b) in Other Deposit Accounts	**6,146,450**	49,184,269
	(ii) Money at Call and Short Notice		
	(a) With banks	**-**	29,900
	(b) With other institutions	**-**	-
	TOTAL	**9,662,773**	53,621,679
II.	Outside India		
	i) in Current Accounts	**7,669,498**	4,835,529
	ii) in Other Deposit Accounts	**3,845,538**	10,658,205
	iii) Money at Call & Short Notice	**11,135,275**	6,109,515
	TOTAL	**22,650,311**	21,603,249
	GRAND TOTAL (I+II)	**32,313,084**	75,224,928

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2012

	As at 31-03-2012 (₹ in Thousands)	As at 31-03-2011 (₹ in Thousands)
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in -		
(i) Government Securities ## **	**584,162,116**	441,549,553
(ii) Other approved securities	**-**	-
(iii) Shares	**7,399,921**	6,928,717
(iv) Debentures and Bonds	**231,507,877**	180,704,920
(v) Investment in Joint Ventures $	**355,024**	342,341
(vi) Others (Mutual Fund units, CD/CP, NABARD deposits, PTC etc.) @	**98,516,571**	82,618,299
Total Investments in India	**921,941,509**	712,143,830
II. Investments outside India in -		
(i) Government Securities (including local authorities)	**1,170,306**	429,340
(ii) Subsidiaries and/or joint ventures abroad (amount less than ₹1,000 for current year and previous year)	**-**	-
(iii) Others	**6,102,598**	5,302,316
Total Investments outside India	**7,272,904**	5,731,656
GRAND TOTAL (I + II)	**929,214,413**	717,875,486

Includes securities costing ₹4,427.15 crores (previous year ₹4,424.90 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements.

@ Includes priority sector shortfall deposits ₹5,100.53 crores (previous year ₹4,064.71 crores) and PTC's ₹204.67 crores (previous year ₹212.98 crores) net of depreciation.

** Inclusive of Repo Lending of ₹3,675.00 crores (previous year Nil) and net of Repo borrowing of ₹3,140.76 crores (previous year Nil) 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(2)(d)].

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2012

			As at 31-03-2012 (₹ in Thousands)	As at 31-03-2011 (₹ in Thousands)
SCHEDULE 9 - ADVANCES				
A.	(i)	Bills purchased and discounted *	**39,089,332**	34,812,948
	(ii)	Cash credits, overdrafts and loans repayable on demand @	**468,608,528**	349,803,398
	(iii)	Term loans #	**1,189,897,526**	1,039,461,940
	TOTAL		**1,697,595,386**	1,424,078,286
B.	(i)	Secured by tangible assets $	**1,417,163,384**	1,131,026,880
	(ii)	Covered by Bank/Government Guarantees &&	**50,233,791**	32,394,561
	(iii)	Unsecured	**230,198,211**	260,656,845
	TOTAL		**1,697,595,386**	1,424,078,286
C.	I.	Advances in India		
		(i) Priority Sector	**484,792,379**	412,891,152
		(ii) Public Sector	**32,535,626**	30,039,403
		(iii) Banks	**3,477,937**	2,408,096
		(iv) Others	**923,767,773**	782,963,737
	TOTAL		**1,444,573,715**	1,228,302,388
	II.	Advances Outside India		
		(i) Due from banks	**1,127,900**	4,196,520
		(ii) Due from others -		
		(a) Bills purchased and discounted	**6,438,231**	6,264,497
		(b) Syndicated loans	**108,035,085**	70,389,401
		(c) Others	**137,420,455**	114,925,480
	TOTAL		**253,021,671**	195,775,898
	GRAND TOTAL [C I + C II]		**1,697,595,386**	1,424,078,286

* Net of borrowings under Bills Rediscounting Scheme ₹3,480.00 crores (previous year ₹1,800.00 crores)

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

\# Net of borrowings under Inter Bank Participation Certificate ₹7,968.24 crores (previous year ₹3,401.00 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, 2012

		As at 31-03-2012 (₹ in Thousands)	As at 31-03-2011 (₹ in Thousands)
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	Gross Block		
	At cost at the beginning of the year	**9,117,340**	891,351
	Additions during the year	**96,841**	8,244,785
	Deductions during the year	**(212,237)**	(18,796)
	TOTAL	**9,001,944**	9,117,340
	Depreciation		
	As at the beginning of the year	**198,381**	161,989
	Charge for the year	**146,310**	46,669
	Deductions during the year	**(82,455)**	(10,277)
	Depreciation to date	**262,236**	198,381
	Net Block	**8,739,708**	8,918,959
II.	Other fixed assets (including furniture & fixtures)		
	Gross Block		
	At cost at the beginning of the year	**25,442,102**	20,384,691
	Additions during the year	**3,300,281**	5,810,762
	Deductions during the year	**(1,616,733)**	(753,351)
	TOTAL	**27,125,650**	25,442,102
	Depreciation		
	As at the beginning of the year	**11,661,494**	9,327,953
	Charge for the year	**3,335,207**	2,890,215
	Deductions during the year	**(1,174,546)**	(556,674)
	Depreciation to date	**13,822,155**	11,661,494
	Net Block	**13,303,495**	13,780,608
III.	CAPITAL WORK-IN-PROGRESS (including capital advances)	**798,175**	229,597
	GRAND TOTAL (I + II + III)	**22,841,378**	22,929,164

SCHEDULE 11 - OTHER ASSETS			
I.	Inter-office adjustments (net)	**-**	-
II.	Interest Accrued	**24,194,449**	17,165,984
III.	Tax paid in advance/tax deducted at source (net of provisions)	**1,280,325**	470,277
IV.	Stationery and stamps	**12,623**	11,794
V.	Non banking assets acquired in satisfaction of claims	**262,681**	53,174
VI.	Others #	**39,421,537**	28,995,791
	TOTAL	**65,171,615**	46,697,020

Includes deferred tax assets of ₹1,027.44 crores (previous year ₹816.87 crores)

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2012

		As at 31-03-2012 (₹ in Thousands)	As at 31-03-2011 (₹ in Thousands)
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the Group not acknowledged as debts	**2,602,142**	2,344,299
II.	Liability for partly paid investments	**-**	-
III.	Liability on account of outstanding forward exchange and derivative contracts:		
	(a) Forward Contracts	**2,009,254,981**	1,854,438,087
	(b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	**1,752,490,787**	1,647,016,628
	(c) Foreign Currency Options	**130,543,459**	141,258,629
	TOTAL (a + b + c)	**3,892,289,227**	3,642,713,344
IV.	Guarantees given on behalf of constituents		
	In India	**467,505,902**	464,332,544
	Outside India	**98,612,604**	76,278,216
V.	Acceptances, endorsements and other obligations	**302,612,607**	249,276,960
VI.	Other items for which the Group is contingently liable	**38,760,307**	18,983,377
	GRAND TOTAL (I + II + III + IV + V + VI)	**4,802,382,789**	4,453,928,740

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2012

		Year Ended 31-03-2012 (₹ in Thousands)	Year Ended 31-03-2011 (₹ in Thousands)
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/discount on advances/bills	**153,793,526**	104,031,042
II.	Income on investments	**63,942,667**	44,386,841
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	**984,267**	1,826,199
IV.	Others	**1,228,531**	1,304,484
	TOTAL	**219,948,991**	151,548,566
SCHEDULE 14 - OTHER INCOME			
I.	Commission, exchange and brokerage	**44,156,852**	33,967,236
II.	Profit/(Loss) on sale of Investments (net)	**750,000**	3,677,215
III.	Profit/(Loss) on sale of fixed assets (net)	**191,092**	(71,485)
IV.	Profit on exchange transactions/Derivatives transactions (net)	**6,739,668**	5,636,045
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/derivative receivables written off in earlier years ₹291.84 crores (previous year ₹325.22 crores) and net loss on account of portfolio sell downs/securitisation ₹1.60 crores (previous year net profit of ₹17.96 crores)]	**3,034,310**	3,505,481
	TOTAL	**54,871,922**	46,714,492
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on deposits	**121,759,124**	74,952,925
II.	Interest on Reserve Bank of India/Inter-bank borrowings	**2,319,578**	1,609,768
III.	Others	**15,613,068**	9,323,389
	TOTAL	**139,691,770**	85,886,082
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for employees	**22,540,184**	17,458,025
II.	Rent, taxes and lighting	**6,685,783**	6,920,585
III.	Printing and stationery	**950,424**	1,106,365
IV.	Advertisement and publicity	**903,390**	804,167
V.	Depreciation on group's property	**3,481,517**	2,936,884
VI.	Directors' fees, allowance and expenses	**10,202**	7,831
VII.	Auditors' fees and expenses	**12,044**	9,885
VIII.	Law charges	**182,725**	133,752
IX.	Postage, telegrams, telephones, etc.	**2,622,730**	2,020,463
X.	Repairs and maintenance	**5,382,245**	3,892,076
XI.	Insurance	**2,315,133**	1,850,723
XII.	Other expenditure	**15,912,570**	11,463,983
	TOTAL	**60,998,947**	48,604,739

17 Significant accounting policies for the year ended 31 March, 2012

(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 Securities and 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	100.00%
Axis Asset Management Company Ltd.	Subsidiary	India	100.00%
Axis U.K. Limited	Subsidiary	U.K.	100.00%
Bussan Auto Finance India Private Ltd. (see 'd' below)	Associate	India	26.00%

c) The audited financial statements of the above 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, 2012.

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 Changes in accounting estimates

4.1 Change in estimated useful life of fixed assets

Group

During the year, the Group has revised the estimated useful life of certain fixed assets viz; cheque book encoder, currency counting machine, cheque encoder, fax machine/telex, fake note detector, UPS, VSAT and scrollers from 10 years to 5 years. As a result of the aforesaid revision, the net depreciation charge for the year is higher by ₹22.17 crores with a corresponding decrease in the net block of the fixed assets.

4.2 Change in accounting of brokerage expense

Axis Asset Management Company Ltd.

Upfront brokerage on close ended and fixed tenure schemes is amortized over the tenure of the respective scheme and in case of Equity Linked Saving Scheme (ELSS), upfront brokerage is amortized over 3 years. The unamortized portion of the brokerage is carried forward as prepaid expense. Any other brokerage is expense out in the year in which they are incurred.

Had the Company continued to use the earlier method of charging brokerage, charge to the Profit and Loss account for the current year would have been higher by ₹6.75 crores.

5 Significant accounting policies

5.1 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 notified 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 23rd August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines; and
- 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.
- security receipts are valued as per the Net Asset Value (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.

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.

5.2 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.

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 and certain class of restructured assets and 0.40% for all other advances is made as prescribed by the RBI.

5.3 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). 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.

5.4 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 2nd February 2006, on 'Guidelines on Securitisation of Standard Assets', gain on securtisation transactions is recognised over the period of the underlying securities issued by the SPV. Loss on securtisation is immediately debited to the Profit and Loss Account.

5.5 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 contracts 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.

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.

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.

Axis Private Equity Ltd. and Axis Asset Management Company Ltd.

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. The exchange differences, if any, either on settlement or translation are recognised in Profit and Loss Account.

5.6 *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 Foreign Exchange Dealers' Association of India 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.

5.7 *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.

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.

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

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.

Income from sale of Investments is determined on weighted average basis and recognised on the trade date basis.

Insurance policy administration fee income is recognised based on the proportionate completion method.

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 SVP (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 utilization of complementary turnover limit or validity of plan, whichever is earlier

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.

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 (CVL), 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.

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.

5.8 Scheme expenses

Axis Asset Management Company Ltd.

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 amortized over the tenure of the respective scheme and in case of Equity Linked Saving Scheme (ELSS), upfront brokerage is amortized over 3 years. The unamortized portion of the brokerage is carried forward as prepaid expense. Any other brokerage is expense out in the year in which they are incurred.

5.9 Fund raising expenses

Axis Private Equity Ltd.

The Company follows the practice of recovering expenses incurred towards fund raising on behalf of Axis Infrastructure Fund, as per the practice followed in the private equity industry. Such expenses are recovered from the Fund after the fund raising exercise is completed and the Fund is established. However, the Company accounts such expenses in its books, in case the fund raising exercise is abandoned.

5.10 *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 life:

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

5.11 *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.

5.12 Retirement and other employee benefits

Provident Fund

Axis Bank Ltd.

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due. 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 the Life Insurance Corporation of India ('LIC'), Metlife Insurance Company Limited ('Metlife'), HDFC Standard Life Insurance Company Limited ('HDFC Life'), ICICI Prudential Life Insurance Company Limited ('ICICI Pru') and Bajaj Life Insurance Company Limited ('BLIC') for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although LIC/Metlife/HDFC Life/ICICI Pru/BLIC 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.

Axis Securities and Sales Ltd. and Axis Asset Management Company Ltd.

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.

Axis Trustee Services Ltd.

Gratuity liability is computed and accrued by the Company in accordance with Payment of Gratuity Act, 1972.

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 lump sum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

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

5.13 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.

5.14 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 reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off 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.

5.15 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.

5.16 Earnings per share

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.

5.17 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.

5.18 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, 2012

(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 subsidaires, by Axis Securities and Sales Limited (ASSL), a wholly owned subsidiary of the Basnk by way of a demerger. However, pursuant to conditions prescribed by the Reserve Bank of India, certain modifications have been 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 will now comprise of (a) a demerger of the financial services businesses 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 its no objection to the Scheme. Further, on 27 April, 2012, the Board of Directors of the Bank have 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 will issue shares in the ratio of 5 Equity shares of the Bank (aggregating 12,090,000 equity shares) of the face value of ₹10 each for every 1 equity share (aggregating 2,418,000 equity shares) of ₹10 each held by the shareholders of ESPL. The sale of the financial services businesses will be simultaneously undertaken from the Bank to ASSL for a cash consideration of ₹274 crores only. The appointed date under the Scheme is 1 April, 2010, and the parties shall proceed with filing the Revised Scheme and other necessary documents with the relevant High Courts and other regulatory authorities for their approval.

b) The Board of Directors of the Bank have, on 27 April, 2012, approved a proposal to induct Schroder Singapore Holdings Private Limited, a wholly owned subsidiary of Schroders plc, as a 25% shareholder in Axis Asset Management Company Ltd., a wholly subsidiary of the Bank. The transaction is subject to regulatory approvals.

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, 2012**	31 March, 2011
Provision for income tax		
- Current tax for the year	**2,262.05**	1,958.34
- Deferred tax for the year	**(210.57)**	(205.48)
Provision for fringe benefit tax	**-**	(0.34)
	2,051.48	1,752.52
Provision for wealth tax	**0.36**	0.46
Provision for interest tax	**-**	0.29
Provision for non-performing assets (including bad debts written off and write backs)	**860.43**	955.12
Provision for restructured assets	**88.86**	15.06
Provision towards standard assets	**150.30**	166.16
Provision for depreciation in value of investments	**58.10**	99.27
Provision for country risk	**4.81**	2.45
Provision for other contingencies	**(19.83)**	41.22
Total	**3,194.51**	**3,032.55**

2.1.2 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

The Bank has not raised any subordinated debt during the year ended 31 March, 2011.

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

During the year ended 31 March, 2011, the Bank redeemed subordinated debt of ₹155 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
4 June, 2010	72 months	5.75%	₹150.00 crores
20 June, 2010	93 months	9.05%	₹5.00 crores

2.1.3 The Bank has not raised any hybrid capital during the year ended 31 March, 2012 and year ended 31 March, 2011.

2.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March, 2012	31 March, 2011
Basic and Diluted earnings for the year (Net profit after tax) (₹ *in crores*)	**4,219.78**	3,339.91
Basic weighted average no. of shares (*in crores*)	**41.21**	40.85
Add: Equity shares for no consideration arising on grant of stock options under ESOP (*in crores*)	**0.30**	0.67
Diluted weighted average no. of shares (*in crores*)	**41.51**	41.52
Basic EPS (₹)	**102.40**	81.77
Diluted EPS (₹)	**101.66**	80.44
Nominal value of shares (₹)	**10.00**	10.00

Dilution of equity is on account of 2,991,727 stock options (previous year 6,721,352)

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.

36,622,890 options have been granted under the Scheme till the previous year ended 31 March, 2011.

On 22 April, 2011, the Bank granted 3,096,500 stock options (each option representing entitlement to one equity share of the Bank) to its employees including the MD & CEO and 172,200 stock options to employees of Axis Asset Management Company Limited, a subsidiary of the Bank. These options can be exercised at a price of ₹1,447.55 per option.

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.

Stock option activity under the Scheme for the year ended 31 March, 2011 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	13,897,518	97.62 to 907.25	514.27	2.87
Granted during the year	2,915,200	1,159.30 to 1,245.45	1,163.05	-
Forfeited during the year	(295,348)	232.10 to 1,214.80	658.88	-
Expired during the year	(23,128)	97.62 to 319.00	264.72	-
Exercised during the year	(5,371,724)	97.62 to 824.40	448.22	-
Outstanding at the end of the year	**11,122,518**	**232.10 to 1,245.45**	**712.90**	**2.86**
Exercisable at the end of the year	4,479,300	232.10 to 907.25	525.53	1.49

The weighted average share price in respect of options exercised during the year was ₹1,324.47.

Fair Value Methodology

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, 2012	31 March, 2011
Net Profit (as reported) (₹ *in crores*)	**4,219.78**	3,339.91
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*)	**(147.16)**	(107.97)
Net Profit (Proforma) (₹ *in crores*)	**4,072.62**	3,231.94

	31 March, 2012	31 March, 2011
Earnings per share: Basic (in ₹)		
As reported	**102.40**	81.77
Proforma	**98.83**	79.12
Earnings per share: Diluted (in ₹)		
As reported	**101.66**	80.44
Proforma	**98.11**	77.84

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, 2012	31 March, 2011
Dividend yield	**1.23%**	1.24% to 1.32%
Expected life	**2-4 years**	2-4 years
Risk free interest rate	**8.05% to 8.10%**	5.98% to 7.17%
Volatility	**39.43% to 53.33%**	54.72% to 61.66%

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 annualized 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, 2012 is ₹559.31 (previous year ₹485.98).

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, 2012, 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, 2012 includes dividend of ₹1.88 crores (previous year ₹2.47 crores) paid pursuant to exercise of 1,153,890 employee stock options after the previous year end but before the record date for declaration of dividend for the year ended 31 March, 2011.

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.

The operations of Axis Securities and Sales Ltd. and Axis Trustee Services Ltd. have been classified under the 'Retail Banking' and 'Corporate/Wholesale Banking' segments respectively.

The operations of Axis Private Equity Ltd., Axis Asset Management Company Ltd. and Axis Mutual Fund Trustee Ltd. have been classified under the 'Other Banking Business' segment.

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 market-linked 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, 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**

(₹ *in crores*)

	31 March, 2011				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	4,751.66	7,082.97	3,320.18	0.05	15,154.86
Other income	1,122.26	2,297.85	991.52	259.82	4,671.45
Total income as per Profit and Loss Account	**5,873.92**	**9,380.82**	**4,311.70**	**259.87**	**19,826.31**
Add/(less) inter segment interest income	18,542.03	2,378.68	5,015.45	0.48	25,936.64
Total segment revenue	**24,415.95**	**11,759.50**	**9,327.15**	**260.35**	**45,762.95**
Less: Interest expense (external customers)	5,327.18	147.61	3,112.17	1.65	8,588.61
Less: Inter segment interest expense	17,832.24	5,554.07	2,550.33	-	25,936.64
Less: Operating expenses	384.54	1,437.94	2,874.38	163.61	4,860.47
Operating profit	**871.99**	**4,619.88**	**790.27**	**95.09**	**6,377.23**
Less: Provision for non performing assets/Others	140.53	725.89	412.86	0.75	1,280.03
Segment result	**731.46**	**3,893.99**	**377.41**	**94.34**	**5,097.20**
Less: Provision for Tax					1,752.52
Less: Share of Loss in Associate					4.77
Extraordinary profit/ loss					-
Net Profit					**3,339.91**
Segment assets	94,250.01	104,305.24	42,917.49	223.61	241,696.35
Unallocated assets					870.30
Total assets					**242,566.65**
Segment liabilities	105,392.46	46,462.76	71,038.40	38.42	222,932.04
Unallocated liabilities					740.00
Total liabilities					**223,672.04**
Net assets	**(11,142.45)**	**57,842.48**	**(28,120.91)**	**185.19**	**18,894.61**
Capital Expenditure for the year	41.95	468.46	869.50	25.64	**1,405.55**
Depreciation charged on fixed assets for the year	8.71	97.27	180.26	7.45	**293.69**

Geographic Segments

(₹ *in crores*)

	Domestic		**International**		**Total**	
	31 March, 2012	31 March, 2011	**31 March, 2012**	31 March, 2011	**31 March, 2012**	31 March, 2011
Revenue	**25,854.07**	18,718.24	**1,628.02**	1,108.07	**27,482.09**	19,826.31
Assets	**253,105.72**	218,939.58	**32,310.79**	23,627.07	**285,416.51**	242,566.65

2.1.8 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. Ltd., National Insurance Co. Ltd., United India Insurance Co. Ltd. and The Oriental Insurance Co. Ltd.

b) *Key Management Personnel*

- Mrs. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. Sisir Kumar Chakrabarti (Deputy Managing Director) upto 30 September, 2011.

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. Swapna Chakraborty, Mr. Hirendra Nath Chakraborty, Mr. Rajat Chakraborty, Mrs. Devikalpa Chakraborty (Kundu), Master Ahan Chakraborty, Mr. Nabakumar Chakraborty, Mr. Prabir Chakraborty, Mrs. Minati Chakraborty, Mrs. Krishna Chakraborty, Mrs. Sipra Chakraborty, Mrs. Shikha Bhattacharya, Ms. Shila Chakraborty, Mr. Asim Kumar Chakraborty, Mr. Arunabha Bhattacharya.

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, 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	-	-	-	**-**

The details of transactions of the Bank with its related parties during the year ended 31 March, 2011 are given below:

(₹ *in crores*)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend Paid	184.65	0.03	-	**184.68**
Interest Paid	389.65	0.07	0.04	**389.76**
Interest Received	0.22	0.02	-	**0.24**
Investment of related party in the Bank	-	2.28	-	**2.28**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	-	-	-	**-**
Redemption of Subordinated Debt	-	-	-	**-**
Purchase of investments	10.24	-	-	**10.24**
Sale of investments	563.21	-	-	**563.21**
Management contracts	-	5.46*	-	**5.46**
Contribution to employee benefit fund	15.22	-	-	**15.22**
Purchase of fixed assets	-	-	-	**-**
Sale of fixed assets	-	-	-	**-**
Non-funded commitments	0.01	-	-	**0.01**
Advance granted (net)	-	-	-	**-**
Advance repaid	-	0.12	-	**0.12**
Receiving of services	30.18	-	-	**30.18**
Rendering of services	2.51	-	-	**2.51**
Other reimbursements to related party	0.15	-	-	**0.15**

*includes ₹0.70 crore subject to approval of Shareholders

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2011 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	4,716.08	0.23	0.23	**4,716.54**
Placement of deposits	0.16	-	-	**0.16**
Advances	43.00	0.27	-	**43.27**
Investment of related party in the Bank	152.78	0.04	-	**152.82**
Non-funded commitments	3.01	-	-	**3.01**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	2,825.00	-	-	**2,825.00**
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, 2011 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	4,716.09	3.94	4.96	**4,724.99**
Placement of deposits	0.16	-	-	**0.16**
Advances	132.47	0.39	-	**132.86**
Investment of related party in the Bank	156.15	0.04	-	**156.19**
Non-funded commitments	39.00	-	-	**39.00**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	2,825.00	-	-	**2,825.00**
Advance for rendering of services	-	-	-	**-**
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, staff quarters, electronic data capturing machines and IT equipment.

(₹ *in crores*)

	31 March, 2012	31 March, 2011
Future lease rentals payable as at the end of the year:		
- Not later than one year	**472.07**	445.04
- Later than one year and not later than five years	**1,631.77**	1,240.33
- Later than five years	**479.08**	673.79
Total of minimum lease payments recognised in the Profit and Loss Account for the year	**570.43**	571.11

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 capitalized as application software is given below:

(₹ *in crores*)

Particulars	**31 March, 2012**	31 March, 2011
At cost at the beginning of the year	**341.11**	268.73
Additions during the year	**58.64**	74.06
Deductions during the year	**(8.41)**	(1.68)
Accumulated depreciation as at 31 March	**(262.11)**	(209.85)
Closing balance as at 31 March	**129.23**	131.26
Depreciation charge for the year	**57.32**	47.91

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, 2012**	31 March, 2011
Deferred tax assets on account of provisions for doubtful debts	**743.17**	574.23
Deferred tax assets on account of amortization of HTM investments	**184.09**	164.04
Deferred tax assets on account of provision for employee benefits	**82.60**	70.67
Deferred tax liability on account of depreciation on fixed assets	**(23.07)**	(32.66)
Deferred tax assets on account of other contingencies	**6.94**	13.37
Other deferred tax assets	**33.71**	27.22
Net deferred tax asset	**1,027.44**	816.87

2.1.12 Employee Benefits

Group

Provident Fund

The contribution to the employee's provident fund of the Group amounted to ₹71.81 crores for the year ended 31 March, 2012 (previous year ₹44.94 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, 2012
Discount rate for the term of the obligation	8.35%
Average historic yield on the investment portfolio	9.09%
Discount rate for the remaining term to maturity of the investment portfolio	8.45%
Expected investment return	8.99%
Guaranteed rate of return	8.25%

Superannuation

The Bank contributed ₹14.07 crores to the employee's superannuation plan for the year ended 31 March, 2012 (previous year ₹10.17 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.

(₹ *in crores*)

		As at 31 March, 2012	
	Axis Bank Ltd.	**Axis Securities and Sales Limited**	**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**

(₹ *in crores*)

		As at 31 March, 2011	
	Axis Bank Ltd.	**Axis Securities and Sales Limited**	**Axis Trustee Services Ltd.**
Privileged leave	217.41	0.08	0.01
Sick leave	18.56	-	-
Total actuarial liability	235.97	0.08	0.01
Assumptions			
Discount rate	8.05% p.a.	7.80% p.a.	N.A.
Salary escalation rate	6.00% p.a.	6.00% p.a.	N.A.

Group

Gratuity

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

Profit and Loss Account

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

(₹ *in crores*)

	31 March, 2012	31 March, 2011
Current Service Cost	**12.03**	9.46
Interest on Defined Benefit Obligation	**5.56**	3.90
Expected Return on Plan Assets	**(4.85)**	(3.36)
Net Actuarial Losses/(Gains) recognised in the year	**23.91**	0.45
Past Service Cost	**(3.72)**	8.82
Total included in "Employee Benefit Expense"	**32.93**	19.27
Actual Return on Plan Assets	**5.31**	2.58

Balance Sheet

Details of provision for gratuity

(₹ *in crores*)

	31 March, 2012	31 March, 2011
Present Value of Funded Obligations	**(94.82)**	(61.43)
Fair Value of Plan Assets	**98.21**	63.62
Net Asset/(Liability)	**3.39**	2.19
Amounts in Balance Sheet		
Liabilities	**(1.12)**	(0.59)
Assets	**4.51**	2.78
Net Asset/(Liability)	**3.39**	2.19

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

(₹ *in crores*)

	31 March, 2012	31 March, 2011
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**61.42**	43.02
Current Service Cost	**12.03**	9.46
Interest Cost	**5.56**	3.90
Actuarial Losses/(Gains)	**24.39**	(0.34)
Past Service Cost	**(3.72)**	8.82
Benefits Paid	**(4.85)**	(3.43)
Closing Defined Benefit Obligation	**94.83**	61.43

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

(₹ *in crores*)

	31 March, 2012	31 March, 2011
Opening Fair Value of Plan Assets	**63.62**	44.08
Expected Return on Plan Assets	**4.85**	3.36
Actuarial Gains/(Losses)	**0.48**	(0.79)
Contributions by Employer	**34.12**	20.40
Benefits Paid	**(4.86)**	(3.43)
Closing Fair Value of Plan Assets	**98.21**	63.62

Experience adjustments

(₹ *in crores*)

	31 March, 2012	31 March, 2011	31 March, 2010	31 March 2009	31 March 2008
Defined Benefit Obligations	**94.82**	61.43	43.02	36.49	23.42
Plan Assets	**98.21**	63.62	44.08	29.83	17.78
Surplus/(Deficit)	**3.39**	2.19	1.06	(6.66)	(5.64)
Experience Adjustments on Plan Liabilities	**27.31**	1.55	1.27	3.30	3.57
Experience Adjustments on Plan Assets	**0.48**	(0.78)	0.46	(0.73)	(0.17)

Axis Bank Ltd.

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

	31 March, 2012	31 March, 2011
	%	%
Government securities	**42.81**	40.48
Bonds, debentures and other fixed income instruments	**43.85**	34.66
Money market instruments	**9.89**	18.34
Equity shares	**2.31**	5.20
Others	**1.14**	1.32

	31 March, 2012	31 March, 2011
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**8.35% p.a.**	8.05% 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 30 (age in years)	**20.41%**	16.55%
- 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 Securities and Sales Ltd.

	31 March, 2012	31 March, 2011
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, 2012	31 March, 2011
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**9.20% p.a.**	7.80% 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)	**60.00% 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 ₹0.10 crore as gratuity in the year 2012-13.

Axis Asset Management Company Ltd.

	31 March, 2012	31 March, 2011
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**8.18% p.a.**	8.13% p.a.
Expected rate of Return on Plan Assets	**N.A.**	N.A.
Salary Escalation Rate	**10.00% p.a.**	10.00% p.a.
Employee Turnover	**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.

2.1.13 Provisions and contingencies

a) Movement in provision for frauds included under other liabilities is set out below:

(₹ *in crores*)

	31 March, 2012	31 March, 2011
Opening balance at the beginning of the year	**4.99**	0.21
Additions during the year	**12.40**	4.78
Reductions on account of payments during the year	**(0.02)**	-
Reductions on account of reversals during the year	**(0.02)**	-
Closing balance at the end of the year	**17.35**	4.99

b) Movement in provision for debit/credit card reward points is set out below:

(₹ *in crores*)

	31 March, 2012	31 March, 2011
Opening provision at the beginning of the year	**25.01**	18.41
Provision made during the year	**20.28**	8.25
Reductions during the year	**(2.01)**	(1.65)
Closing provision at the end of the year	**43.28**	25.01

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

(₹ *in crores*)

	31 March, 2011	31 March, 2010
Opening provision at the beginning of the year	**36.44**	-
Provision made during the year	**0.38**	36.44
Reductions during the year	**(36.01)**	-
Closing provision at the end of the year	**0.81**	36.44

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 standardized 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 standardized, 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 8th February 2011.

(₹ *in crores*)

	For the year ended 31 March, 2012					
	Axis Securities and SalesLt d.	**Axis Private Equity Ltd.**	**Axis Trustee Services Ltd.**	**Axis Mutual Fund Trustee Ltd.**	**Axis Asset Management Company Ltd.**	**Axis U.K. Ltd.@**
Capital	120.00	15.00	1.50	0.05	174.00	-*
Reserves and Surplus	(25.26)	3.79	17.63	0.07	(117.65)	-
Total Assets (Fixed Assets + Investments + Other Assets)	124.87	20.04	27.42	0.14	95.51	8.39
Total Liabilities (Borrowings + Other Liabilities + Provisions)	30.13	1.25	8.29	0.02	39.16	8.39
Investments	-	-*	-	0.12	43.27	-
Total Income	164.65	13.22	19.95	0.12	38.33	-
Profit/(Loss) Before Taxation	(8.92)	1.55	15.87	0.05	(21.59)	-
Provision for Taxation	-	0.70	5.15	0.02	-	-
Profit/(Loss) After Taxation	(8.92)	0.85	10.72	0.03	(21.59)	-
Proposed Dividend and Tax (including cess thereon)	-	-	1.74	-	-	-

* amount less than ₹50,000

@ amount in INR equivalent of GBP (£1 = ₹81.4575 as on 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.

Adarsh Kishore
Chairman

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

Date : 27th April, 2012
Place: Mumbai

DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (BASEL II GUIDELINES) FOR THE YEAR ENDED 31 March, 2012

I. SCOPE OF APPLICATION

Axis Bank Limited (the 'Bank') is a commercial bank, which was incorporated on 3 December, 1993. The Bank is the controlling entity for all group entities that include its six wholly owned subsidiaries.

The consolidated financial statements of the Bank comprise the financial statements of Axis Bank Limited and its subsidiaries that together constitute the 'Group'. The Bank consolidates its subsidiaries in accordance with Accounting Standard 21 (AS-21) 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. While computing the consolidated 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 subsidiaries of the Bank are not required to maintain any regulatory capital. The table below lists Axis Bank's 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 Securities and Sales Ltd.	Marketing of credit cards and retail asset products and retail broking	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 Mutual Fund Trustee Ltd.	Trusteeship	100%	Fully consolidated
5.	Axis Asset Management Company Ltd.	Asset Management	100%	Fully consolidated
6.	Bussan Auto Finance India Private Ltd.	Non-Banking Financial company	26%	Treated as an associate

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.

On 7 March, 2011, the Bank has incorporated a new subsidiary, namely Axis U.K. Limited as a private limited company registered in the United Kingdom (UK) with the main purpose of filing an application with Financial Services Authority (FSA), UK for a banking licence in the UK and for the creation of necessary infrastructure for the subsidiary to commence banking business. As on 31 March, 2012, Axis U.K. Limited has not commenced any operations.

There is no deficiency in capital of any of the subsidiaries of the Bank as on 31 March, 2012. Axis Bank actively monitors all its subsidiaries through their respective Boards and regular updates to the Board of Directors of Axis Bank.

As on 31 March, 2012, the Bank has an investment of ₹76.6 crores in Max New York 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 4%

The quantitative impact on regulatory capital of using risk weighted investments method versus using the deduction method at 31 March, 2012 is set out in the following table.

(₹ in crores)

Method	Quantitative impact
Deduction method	76.60
Capital @ 9% of risk weighted assets	9.03

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. Axis 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.

Equity Capital

The Bank has authorized share capital of ₹500.00 crores comprising 500,000,000 equity shares of ₹10/- each. As on 31 March, 2012 the Bank has issued, subscribed and paid-up equity capital of ₹413.20 crores, constituting 413,203,952 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, 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 31 March, 2012 was ₹448.03 crores as stated below.

Date of Allotment	Rate of Interest	Period	Amount
30 September, 2006	10.05%	Perpetual	₹214.00 crores
15 November, 2006	7.167%	Perpetual	USD 46 million* (₹234.03 crores)
Total Perpetual Debt			**₹448.03 crores**

*Converted to INR @ ₹50.875 to a US Dollar (prevailing exchange rate as on 31.3.2012)

Upper Tier 2 Capital

The Bank has also raised Upper Tier 2 Capital, the aggregate value of which as on 31 March, 2012 was ₹1,374.74 crores as per the table below.

Date of Allotment	Date of Redemption	Rate of Interest	Amount
11 August, 2006	10 August, 2021	7.25%	USD 149.89 million* (₹762.54 crores)
24 November, 2006	23 November, 2021	9.35%	₹200.00 crores
6 February, 2007	6 February, 2022	9.50%	₹107.50 crores
28 June, 2007	28 June, 2022	7.125%	USD 59.89 million* (₹304.70 crores)
Total Upper Tier 2 Capital			**₹1,374.74 crores**

*Converted to INR @ ₹50.875 to a US Dollar (prevailing exchange rate as on 31.3.2012)

Subordinated Debt

As on 31 March, 2012, the Bank had an outstanding Subordinated debt (unsecured redeemable non-convertible debentures) aggregating ₹8,751.30 crores. Of this, ₹7,737.52 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
20 September, 2002	20 June, 2012	9.30%	62.00
21 December, 2002	21 September, 2012	8.95%	60.00
26 July, 2003	26 April, 2013	7.00%	65.00
15 January, 2004	15 October, 2013	6.50%	50.00
25 July, 2005	25 July, 2012	Simple average of Mid of Bid and offer yield of the 1-year GOI bench-mark (i.e. INBMK) plus a margin of 65 basis points to be reset at semi annual intervals.	500.00
22 March, 2006	22 June, 2013	8.50%	125.00
22 March, 2006	22 June, 2013	8.32%	5.00
22 March, 2006	22 March, 2016	8.75%	360.00
22 March, 2006	22 March, 2016	8.56%	10.00
28 June, 2006	28 September, 2013	8.95%	33.50
28 June, 2006	28 June, 2016	9.10%	104.90
30 March, 2007	30 March, 2017	10.10%	250.90
7 November, 2008	7 November, 2018	11.75%	1,500.00
28 March, 2009	28 March, 2019	9.95%	200.00
16 June, 2009	16 June, 2019	9.15%	2,000.00
1 December, 2011	1 December, 2021	9.73%	1,500.00
20 March, 2012	20 March, 2022	9.30%	1,925.00
Total			**8,751.30**

During the year, subordinated debts (unsecured redeemable non-convertible subordinated debentures) of ₹3,425 crores were raised.

Capital Funds

(₹ in crores)

Position as on 31 March, 2012		Amount
A	**Tier 1 Capital**	**21,886.11**
	Of which	
	- Paid-up Share Capital	413.20
	- Reserves and surplus (Excluding Foreign Currency Translation Reserve)	22,207.61
	- Innovative Perpetual Debt Instruments	448.03
	- Amount deducted from Tier 1 capital	
	- Investments in subsidiaries	(155.28)
	- Deferred Tax Assets	(1,027.45)
B	**Tier 2 Capital (net of deductions) (B.1+B.2+B.3-B.4)**	**9,758.84**
	Out of above	
B.1	Debt Capital Instruments eligible for inclusion as Upper Tier 2 Capital	
	- Total amount outstanding	1,374.74
	- Of which amount raised during the current year	-
	- Amount eligible as capital funds	1,374.74
B.2	Subordinated debt eligible for inclusion in Lower Tier 2 Capital	
	- Total amount outstanding	8,751.30
	- Of which amount raised during the current year	3,425.00
	- Amount eligible as capital funds	7,737.52
B.3	Other Tier 2 Capital - General provisions and loss reserves	801.86
B.4	Deductions from Tier 2 Capital	
	- Investments in Subsidiaries	(155.28)
C	**Total Eligible Capital**	**31,644.95**

III. CAPITAL ADEQUACY

Axis 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, Axis 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 31 March, 2012 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 31 March, 2012, the minimum capital required to be maintained by Axis Bank as per Basel II guidelines is higher than that required at 80% of the capital requirements under Basel I guidelines.

An assessment of the capital requirement of the Bank is carried out through a comprehensive projection of future businesses that takes cognizance of the strategic intent of the Bank, profitability of particular businesses and opportunities for growth. The proper mapping of credit, operational and market risks to this projected business growth enables assignment of capital that not only adequately covers the minimum regulatory capital requirement but also provides headroom for growth. The calibration of risk to business is enabled by a strong risk culture in the Bank aided by appropriate, technology-based risk management systems. As part of the Internal Capital Adequacy Assessment Process (ICAAP) the Bank also assesses the adequacy of capital under stress. A summary of the Bank's capital requirement for credit, market and operational risk and the capital adequacy ratio as on 31 March, 2012 is presented below.

(₹ *in crores)*

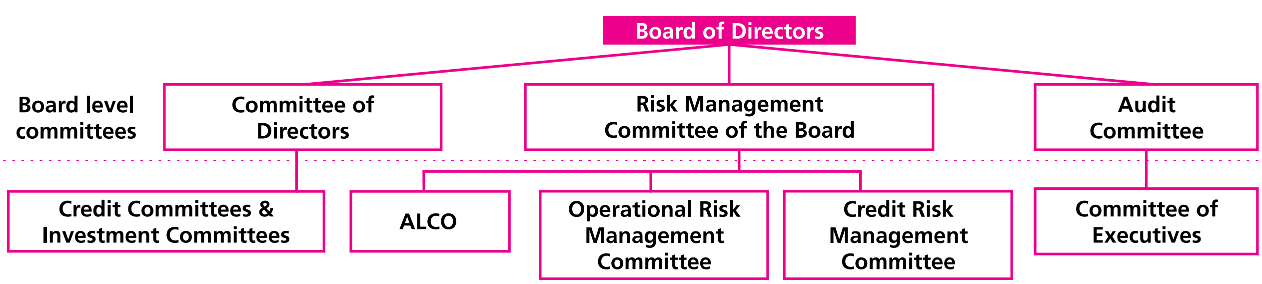
Capital Requirements for various Risks	Amount
CREDIT RISK	
Capital requirements for Credit Risk	
- Portfolios subject to standardized approach	17,815.22
- Securitisation exposures	-
MARKET RISK	
Capital requirements for Market Risk	
- Standardized duration approach	1,749.29
- Interest rate risk	1,588.55
- Foreign exchange risk (including gold)	29.31
- Equity risk	131.43
OPERATIONAL RISK	
Capital requirements for Operational risk	
- Basic indicator approach	1,289.52
Capital Adequacy Ratio of the Bank (%)	**13.66%**
Tier 1 CRAR (%)	**9.45%**

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 CFO and the Risk Management Committee of the Board oversees the functioning of the Department. The Department has three separate teams for Credit Risk, Market Risk and Operational Risk and the head of each team reports to the Chief Risk Officer.

V. CREDIT RISK

Credit risk covers the inability of a borrower or counter-party to honour commitments under an agreement and any such failures, which have an adverse impact on the financial performance of the Bank. The Bank is exposed to credit risk through lending and capital market activities.

Credit Risk Management Policy

Credit Risk Management Policy lays down the roles and responsibilities, risk appetite, key processes and reporting framework. The Board of Directors establishes the parameters for risk appetite, which are defined quantitatively and qualitatively through strategic businesses plan as well as the Corporate Credit Policy. Corporate credit is managed through risk vetting of individual exposures at origination and through 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, 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 tool 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. Go/No-Go score cards are used for various SME schematic products and retail agri schemes. Statistical application and behavioral scorecards have been developed for all major retail portfolios.

The Bank recognizes cash margin, central/state government, bank and corporate guarantees, exclusive mortgage of properties and lease rental securitisation for the purpose of credit enhancement.

Model validation is carried out periodically by objectively assessing the discriminatory power, calibration accuracy and stability of ratings.

Credit Sanction and related processes

The guiding principles behind the credit sanction process are us 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 creditworthiness. Credit concentration in the Banks' portfolios is monitored for the following:

- Large Exposures to 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 on sensitive sectors.
- Residual maturity concentration of loans and advances.
- Concentration of unsecured loans to total loans and advances.
- Concentration by Industry: Industry analysis plays an important part in assessing the concentration risk within the loan portfolio. Industries are classified into various categories based on factors such as demand-supply, input related risks, government policy stance towards the sector and financial strength of the sector in general. Such categorization is used in determining the expansion strategy for the particular industry.

Portfolio Management

Portfolio level risk analytics and reporting to senior management examines optimal spread of risk across various rating classes, undue risk concentration across any particular industry segments and credit risk quality migration. 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.

Definitions of Non-Performing Assets

Advances are classified into performing and non-performing advances (NPAs) as per RBI guidelines. NPAs are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. An asset, including a leased asset, becomes non-performing when it ceases to generate income for the Bank.

An 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 an 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 an 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.

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 recognized in the profit and loss account.

CREDIT RISK EXPOSURES

Total Gross Credit Risk Exposure Including Geographic Distribution of Exposure – Position as on 31 March, 2012

(₹ in crores)

	Domestic (Outstanding)	Overseas (Outstanding)	Total
Fund Based	213,453.23	27,632.63	**241,085.86**
Non Fund Based *	81,009.14	9,739.10	**90,748.24**
Total	**294,462.37**	**37,371.73**	**331,834.10**

* Non-fund based exposures are guarantees given on behalf of constituents and acceptances and endorsements.

Distribution of Credit Risk Exposure by Industry Sector – Position as on 31 March, 2012

(₹ in crores)

Sr. No.	Industry Classification	Amount Fund Based (Outstanding)	 Non-Fund Based (Outstanding)
1.	Power Generation & Distribution	7,979.39	18,913.59
2.	Infrastructure (excluding Power)	13,350.47	12,052.89
	- Of which Roads & ports	4,722.44	2,928.02
	- Of which Telecommunication	2,984.38	990.35
3.	Trade	8,723.04	5,600.70
4.	All Engineering	5,008.31	8,915.27
	- Of which Electronics	421.94	130.63
5.	Chemicals and chemical products	6,570.08	6,861.86
	- Of which Petro Chemicals	1,412.68	2,313.04
	- Of which Drugs & Pharmaceuticals	2,069.88	707.39

(₹ in crores)

Sr. No.	Industry Classification	Amount Fund Based (Outstanding)	Non-Fund Based (Outstanding)
6.	Iron and Steel	5,472.98	5,464.43
7.	NBFCs	7,344.26	1,173.34
8.	Food Processing	5,178.28	342.50
9.	Edible Oils and Vanaspati	1,055.37	3,558.94
10	Mining and quarrying (incl. coal)	3,525.47	561.87
11.	Computer Software	2,576.90	1,208.25
12.	Vehicles, vehicle parts and transport equipments	2,866.07	531.52
13.	Other Metal and Metal products	1,156.08	2,217.86
14.	Cotton Textiles	2,682.46	426.96
15.	Cement and cement products	1,882.04	733.02
16.	Construction	742.53	1,563.02
17.	Other Textiles	1,713.59	329.47
18.	Gems and Jewellery	1,543.28	377.94
19.	Sugar	1,557.57	129.51
20.	Paper and Paper Products	1,067.77	276.10
21.	Rubber, Plastic and their products	697.33	162.75
22.	Petroleum, coal products and nuclear fuels	560.78	259.61
23.	Beverage & Tobacco	597.53	42.51
24.	Tea	245.53	41.83
25.	Leather and Leather products	66.81	24.94
26.	Jute Textiles	16.53	0.07
27.	Other Industries	41,289.99	16,304.76
	- Of which Banking and Finance	14,444.61	5,870.41
	- Of which Commercial real estate	6,801.44	586.97
	- Of which Shipping	2,942.71	934.42
	- Of which Professional services	3,120.75	2,470.31
28.	Residual exposures to balance the total exposure	115,615.42	2,672.73
	Total	**241,085.86**	**90,748.24**

As on 31 March, 2012, 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.	Power Generation & Distribution	8%
2.	Infrastructure	8%
3.	Banking & Finance	6%

Residual Contractual Maturity breakdown of Assets – Position as on 31 March, 2012

(₹ in crores)

Maturity Bucket	Cash, balances with RBI and other banks	Investments	Advances	Other assets including fixed assets
1 day	4,238.48	1,815.57	2,707.12	35.03
2 to 7 days	1,479.54	4,967.79	1,219.95	283.38
8 to 14 days	367.88	3,691.25	1,152.06	131.45
15 to 28 days	516.80	5,874.62	1,532.15	950.04
29 days to 3 months	1,011.93	13,506.00	9,362.88	1,130.71
Over 3 months and upto 6 months	1,086.69	7,463.40	10,988.78	964.53
Over 6 months and upto 12 months	1,690.28	15,172.80	11,477.47	477.68
Over 1 year and upto 3 years	694.66	13,743.18	39,002.39	142.71
Over 3 years and upto 5 years	687.67	6,997.13	23,791.70	0.00
Over 5 years	2,159.98	19,960.35	68,525.04	4,626.73
Total	**13,933.91**	**93,192.09**	**169,759.54**	**8,742.26**

Movement of NPAs and Provision for NPAs (including NPIs) – Position as on 31 March, 2012

(₹ in crores)

		Amount
A.	**Amount of NPAs (Gross)***	1,806.30
	- Substandard	561.18
	- Doubtful 1	147.64
	- Doubtful 2	146.69
	- Doubtful 3	20.67
	- Loss	930.12
B.	**Net NPAs**	472.64
C.	**NPA Ratios**	
	- Gross NPAs (including NPIs) to gross advances (%)	1.06%
	- Net NPAs (including NPIs) to net advances (%)	0.28%
D.	**Movement of NPAs (Gross)**	
	- Opening balance as on 1.4.2011	1,599.42
	- Additions	1,841.94
	- Reductions	(1,635.06)
	- Closing balance as on 31.3.2012	1,806.30
E.	**Movement of Provision for NPAs**	
	- Opening balance as on 1.4.2011	1,186.74
	- Provision made in 2011-12	826.11
	- Transfer of restructuring provision	(1.38)
	- Write – offs/Write – back of excess provision	(687.55)
	- Closing balance as on 31.3.2012	1,323.92

* includes ₹6.61 crores outstanding under Application Money classified as non- performing asset.

NPIs and Movement of Provision for Depreciation on NPIs - Position as on 31 March, 2012

(₹ in crores)

		Amount
A.	Amount of Non-Performing Investments	79.46
	Amount of Non-Performing Investments - Others*	6.61
B.	Amount of Provision held for Non-performing investments	63.52
	Amount of Provision held for Non-performing investments - Others*	5.49
C.	Movement of provision for depreciation on investments	
	- Opening balance as on 1.4.2011	269.45
	- Provision made in 2011-12	105.97
	- Write – offs	-
	- Write – back of excess provision	(47.87)
	- Closing balance as on 31.3.2012	327.55

* represents amount outstanding under Application Money classified as non-performing asset.

Credit Risk: Use of Rating Agency under the Standardized Approach

The RBI guidelines on Basel II require banks to use ratings assigned by specified External Credit Assessment Agencies (ECAIs) namely CRISIL, CARE, ICRA & Fitch (India) 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. CRISIL, ICRA, Fitch and CARE 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 recognized credit risk mitigation techniques for such claims.

Issuer ratings provide an opinion on the general credit worthiness of the rated entities in relation to their senior unsecured obligations. Therefore, issuer ratings would be directly used to assign risk-weight to unrated exposures of the same borrower.

Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk-Weight - Position as on 31 March, 2012

(₹ in crores)

	Amount
Below 100% risk weight	178,311.27
100% risk weight	131,286.01
More than 100% risk weight	22,236.82
Deduction from capital funds	
- Investments in subsidiaries	310.55

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 remargining/revaluation frequency of the collateral. The Bank revalues various financial collaterals at varied frequency depending on the type of collateral. The Bank has a valuation policy that covers processes for collateral valuation and empanelment of valuers.

Details of total credit exposure (after on or off balance sheet netting) as on 31 March, 2012

(₹ in crores)

	Amount
Covered by :	
- Eligible financial collaterals after application of haircuts	6,220.98
- Guarantees/credit derivatives	6,655.99

VII. SECURITISATION

The primary objectives for undertaking securitisation activity by the Bank are enhancing liquidity, optimization 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.

Bank may also invest in securitised instruments which offer attractive risk adjusted returns. During FY 2012 no fresh investments in securitised instruments had been made. 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 also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior PTC holders. 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 recognized over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to profit and loss account. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS 29 'Provisions, contingent liabilities and contingent assets'.

The Bank follows the standardized approach prescribed by the RBI for the securitisation activities. The Bank uses the ratings assigned by various external credit rating agencies viz. CRISIL, ICRA, Fitch and CARE for its securitisation exposures.

All transfers of assets under securitisation were effected on true sale basis. However in the financial year ended 31 March, 2012, 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 recognized 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 31 March, 2012 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	NIL

Aggregate amount of Securitisation Exposures Retained or Purchased as on 31 March, 2012 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	33.54	-
	- Lease Rental	182.29	-
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
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	215.83	11.44
	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:

- Well laid down policies and guidelines which are aligned to the regulatory norms and based on experiences gained over the years.
- Mechanism for periodic review of the market risk management policies.
- 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, 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 and the exceptions are put up to ALCO and Risk Management Committee of the Board. As a prudent market risk management measure, risk limits are reviewed, at least, annually or more frequently, if deemed necessary, to align the limits with the Bank's risk appetite, market conditions and trading strategies.

The Bank uses Historical Simulation and its variants for computing VaR for its trading portfolio. VaR is calculated at a 99% confidence level for a one-day holding period. 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 Bank typically uses 250 days of historical data or one year of relative changes in historical rates and prices. 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 is computed on a daily basis for the trading portfolio and reported to the senior management of the Bank.

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 as well as for liquidity risk at the end of each quarter. The Bank is in the process of building its capabilities to migrate to advanced approach i.e. Internal Models Approach for assessment of market risk capital.

For this purpose, system capabilities are being strengthened, newer processes are being introduced and employee skills are being improved.

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 analyzed on a static basis by tracking all cash inflows and outflows in the maturity ladder based on the expected occurrence 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 periodic 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 comprehensive policy for Country Risk Management. The Bank uses the seven-category classification i.e. insignificant, low, moderate, high, very high, restricted and off-credit followed by the Export Credit Guarantee Corporation Ltd. (ECGC) and ratings of international rating agency Dun & Bradstreet for monitoring the country exposures. The categorisation of countries are undertaken at monthly intervals or at more frequent intervals if the situation so warrants. Exposure to a country includes all credit-related lending, trading and investment activities, whether cross border or locally funded. The Bank has set up exposure limits for each risk category as also per country exposure limits. These limits are monitored at weekly intervals. In addition, exposures to high risk, very high risk, restricted and off-credit countries are approved on a case-to- case basis. As a proactive measure of Country Risk Management, Risk Department issues "Rating Watch" from time to time. On the basis of country-specific developments, the concerned business departments are provided news with brief reviews of those countries which have a very high probability of a rating downgrade or there is any negative news or developments.

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 31 March, 2012

(₹ in crores)

	Amount of Capital Required
- Interest rate risk	1,588.55
- Equity position risk	131.43
- Foreign exchange risk (including gold)	29.31

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. Operational risk management (ORM) framework, ORM policy, operational risk loss data collection methodology, risk & control self-assessment framework, key risk indicator framework, roles and responsibilities of ORM function have been approved by the Bank to ensure that operational risk within the Bank is properly identified, assessed, monitored, controlled/mitigated and reported in a structured manner.

Based on the above policy/framework/methodologies, 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 (ORMC), Product Management Committee (PMC), Change Management Committee (CMC), Outsourcing Committee, Software Evaluation Committee and IT Security Committee. The functioning of these committees has stabilised. The Risk Department acts as the convenor of ORMC and Sub-ORMC and is a member in PMC, CMC, Outsourcing Committee, Software Evaluation Committee and IT Security Committee.

The Bank has further enhanced its capability for effective management of operational risk with the implementation of a software solution (OR Monitor) which creates a database on loss events experienced by the different business lines of the Bank, identify areas which show manifestation of weak controls through Risk & Control Self Assessment (RCSA) and Key Risk Indicator (KRI) modules, and over a period would enable the Bank to adopt sophisticated approaches for the computation of capital for operational risk.

Structure and Organization

The Risk Management Committee (RMC) of the Board at the apex level is the policy making body. 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 supervises effective monitoring of operational risk and the implementation of software driven framework for enhanced capability to manage operational risk. 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.

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 would be reported to the Senior Management/ORMC/RMC as appropriate, for their directions and suggestions.

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 hedging and/or mitigating 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 where all relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product. Similarly, any changes to the existing products/ processes are being vetted by the Change Management Committee. In addition to the above, the business departments submit Action Taken Reports, after implementation of the product, to the Product Management Committee for their review. The product is also independently reviewed by the Internal Audit Department of the Bank.

Approach for Operational Risk Capital Assessment

As per the RBI guidelines, the Bank has followed the Basic Indicator Approach for the year ending 31 March, 2012. The Bank has put in place a structure for identifying gaps in internal controls across the entire Bank. Simultaneously, the Bank is preparing itself for migration to the Advanced Measurement Approach.

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 are reported to the senior management on a weekly basis.

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 (decline) in earnings and economic value for upward and downward rate shocks based on balance sheet as on 31 March, 2012 are given below:

Earnings Perspective

(₹ in crores)

Country	**Interest Rate Shock**	
	0.50%	**(-) 0.50%**
India	(125.86)	125.86
Overseas	37.49	(37.49)
Total	**(88.37)**	**88.37**

Economic Value Perspective

(₹ in crores)

Country	**Interest Rate Shock**	
	0.50%	**(-) 0.50%**
India	359.71	(352.89)
Overseas	47.96	(50.35)
Total	**407.67**	**(403.24)**

BANK'S NETWORK : LIST OF CENTRES AS ON 31 MARCH, 2012

State/UT	Centre
Andaman & Nicobar UT	Diglipur
	Port Blair
Andhra Pradesh	Adilabad
	Adoni
	Alamuru
	Alwal
	Anakapalle
	Anantapur
	Bapatla
	Bibinagar
	Bobilli
	Chevella
	Chillakallu
	Chinnamiram
	Chirala
	Chittoor
	Dharmavaram
	Edarapalli
	Eluru
	Gachibowli
	Gajuwaka
	Gopalapatnam
	Gudivada
	Guntur
	Hindupur
	Hyderabad
	Hyderabad (Rangareddy)
	Jangareddigudem
	Kadapa
	Kakinada
	Kamareddy
	Karimnagar
	Kasibugga
	Khammam
	Kompally
	Kukatpally
	Kurnool
	L B Nagar
	Machilipatnam
	Mahabubabad
	Mahbubnagar
	Malkajgiri
	Mancherial
	Miryalguda
	Muthukur
	Nalgonda
	Nandyal
	Narasaraopet
	Nellore
	Nizamabad
	Nuzvid
	Ongole
	P L Puram
	Paidiparru
	Patancheru
	Peddapalli
	Poolapalle
	Proddatur
	Quthbullapur
	Rajahmundry
	Rajam
	Rajampet
	Ramagundam
	Repalle
	Sangareddy
	Sathupally
	Serilingampally
	Shamshabad
	Siddipeta
	Srikakulam
	Tadepalligudem
	Tadpatri
	Tenali
	Tirupati
	Uppal Kalan
	Vijayawada
	Visakhapatnam
	Vizianagaram
	Warangal
	Zahirabad
Arunachal Pradesh	Itanagar
Assam	Barpeta Road
	Biswanath Chariali
	Bongaigaon
	Dhubri
	Dibrugarh
	Duliajan
	Goalpara
	Golaghat
	Guwahati
	Jorhat
	Karimganj
	Khanapara
	Kokrajhar
	Mangaldoi
	Morigaon
	Nagaon
	Nalbari
	Noonmati
	North Lakhimpur
	Sibsagar
	Silchar
	Tezpur
	Tinsukia
Bihar	Arrah
	Aurangabad
	Begusarai
	Bettiah
	Bhabhua
	Bhagalpur
	Biharsharif
	Chapra
	Darbhanga
	Gaya
	Gopalganj
	Hajipur
	Katihar
	Kishanganj
	Madhubani
	Motihari
	Munger
	Muzaffarpur
	Naugachhia
	Patna
	Purnia
	Saharsa
	Samastipur
	Sasaram
	Sitamarhi
	Siwan

State/UT	Centre
Chandigarh UT	Chandigarh
	Manimajra
Chattisgarh	Abhanpur
	Akaltara
	Ambikapur
	Basin
	Bhatapara
	Bhilai
	Bilaspur
	Champa
	Chandkuri
	Dhamtari
	Dongargarh
	Durg
	Jagdalpur
	Jairam Nagar
	Jashpurnagar
	Jhilmila
	Kawardha
	Korba
	Mahasamund
	Manendragarh
	Raigarh
	Raipur
	Rajim
	Rajnandgaon
	Sakti
	Urla
Dadra & Nagar UT	Silvassa
Daman & Diu UT	Daman
	Diu
Delhi	Delhi
Goa	Agaciam
	Candolim
	Mapusa
	Margao
	Panaji
	Ponda
	Vasco
Gujarat	Ahmedabad
	Amreli
	Anand
	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
	Khambalia
	Kodinar
	Lathi
	Madhapar
	Mahuva
	Manavadar
	Mehsana
	Metoda
	Modasa
	Morbi
	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
	Vadodara
	Vallabh Vidyanagar
	Valsad
	Vapi
	Vastrapur
	Vega
	Vejalpur
	Veraval
	Visavadar
	Visnagar
	Vyara
	Wada
	Wankaner
Haryana	Ambala
	Bahadurgarh
	Basdhara
	Bhiwani
	Bhiwani Khera
	Cheeka
	Chhapra

State/UT	Centre
	Faridabad
	Fatehabad
	Garnala
	Gurgaon
	Hissar
	Jakhal
	Jhajjar
	Jind
	Kaithal
	Kalka
	Kalpi
	Karnal
	Kundli
	Kurukshetra
	Manesar
	Mirzapur
	Narnaul
	Narwana
	Palwal
	Panchkula
	Panipat
	Ratia
	Rewari
	Rohtak
	Sadaura
	Safidon
	Sirsa
	Sonipat
	Tohana
	Yamunanagar
Himachal Pradesh	Baddi
	Shimla
	Solan
	Una
Jammu & Kashmir	Jammu
	Leh
	Srinagar
	Udhampur
Jharkhand	Bokaro
	Chaibasa
	Daltonganj
	Deoghar
	Dhanbad
	Dumka
	Gamaria
	Giridih
	Gumia
	Hazaribagh

State/UT	Centre
	Jamshedpur
	Kodarma
	Ramgarh
	Ranchi
Karnataka	Athni
	Bagalkot
	Bangalore
	Basavakalyan
	Belgaum
	Bellary
	Bidadi
	Bidar
	Bijapur
	Chamarajanagar
	Chickmagalur
	Chikodi
	Chintamani
	Chitradurga
	Davangere
	Devadurga
	Devanahalli
	Dod Ballapur
	Gadag
	Gangawati
	Gokak
	Gulbarga
	Hassan
	Haveri
	Hoskote
	Hospet
	Hubli-Dharwad
	Jamkhandi
	Karwar
	Kolar
	Kollegal
	Koppal
	Kundapura
	Kushalnagar
	Kushtagi
	Mandya
	Mangalore
	Manvi
	Marlanhalli
	Mysore
	Nelamangala
	Puttur
	Raichur
	Ranibennur

State/UT	Centre
	Saidapur
	Sandur
	Sedam
	Shahpur
	Shimoga
	Sindhnur
	Sirsi
	Siruguppa
	Tiptur
	Tumkur
	Udupi
	Yadgir
Kerala	Adoor
	Alappuzha
	Aluva
	Angamaly
	Attingal
	Calicut (Kozhikode)
	Changanasseri
	Irinjalakuda
	Kalamaserry
	Kannur
	Kasargod
	Kazhakuttam
	Kochi
	Kollam
	Kottakkal
	Kottarakkara
	Kottayam
	Malappuram
	Manjeri
	Mavelikkara
	Palai
	Palakkad
	Pathanamthitta
	Payyannur
	Perinthalmanna
	Perumbavoor
	Sulthanbathery
	Thalassery
	Thiruvananthapuram
	Thodupuzha
	Thrikkakara
	Thrippunithura
	Thrissur
	Tirur
	Tiruvalla
	Vadakara

State/UT	Centre
Madhya Pradesh	Alirajpur
	Ashok Nagar
	Balaghat
	Barwani
	Beetul
	Bhind
	Bhopal
	Bina
	Burhanpur
	Chhatarpur
	Chhindwara
	Damoh
	Datia
	Dewas
	Dhar
	Gawli Palasia
	Guna
	Gwalior
	Harda
	Hoshangabad
	Indore
	Itarsi
	Jabalpur
	Jhabua
	Kalapipal
	Katni
	Khandwa
	Khargone
	Lasudia Mori
	Maihar
	Mandsaur
	Morena
	Narsimhapur
	Neemuch
	Pipariya
	Pithampur
	Raisen
	Rajgarh
	Ratlam
	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
	Baramati
	Barshi
	Beed
	Bhandara
	Bhigwan
	Bhiwandi
	Bhusawal
	Boisar
	Buldhana
	Chakan
	Chalisgaon
	Chandrapur
	Chiplun
	Devalali
	Dhule
	Dindori
	Dombivali
	Ghoti
	Gondia
	Hingangaht
	Hingna
	Hingoli
	Hinjewadi
	Ichalkaranji
	Islampur
	Jalgaon
	Jalna
	Kagal
	Kalyan
	Karad
	Khamgaon
	Khed-Shivapur
	Kolhapur
	Lasalgaon
	Latur
	Malegaon
	Mira-Bhayander
	Miraj
	Mumbai
	Murbad
	Nagpur
	Nalasopara
	Nanded
	Nandurbar
	Nashik
	Navi Mumbai
	Navi Mumbai (Raigad)
	Osmanabad
	Pandharpur
	Panvel
	Paratwada
	Parbhani
	Pen
	Phaltan
	Pimpalgaon
	Pimpri Chinchwad
	Pune
	Rahuri-Khurd
	Ratnagiri
	Sangamner
	Sangli
	Satara
	Shikrapur
	Shirdi
	Shrirampur
	Solapur
	Tasgaon
	Thane
	Tuljapur
	Ulhasnagar
	Vasai
	Virar
	Wai
	Waluj
	Wardha
	Washim
	Yavatmal
	Yevla
	Yewat

State/UT	Centre
Manipur	Imphal (Imphal East)
	Imphal (Imphal West)
Meghalaya	Jowai
	Shillong
	Tura
Mizoram	Aizawl
Nagaland	Dimapur
	Kohima
	Mokokchung
Orissa	Angul
	Balasore
	Barbil
	Bargarh
	Baripada
	Berhampur
	Bhadrak
	Bhanjanagar
	Bhawanipatna
	Bhubaneswar
	Bolangir
	Chandanpur
	Chandikhole
	Cuttack
	Deogarh
	Dhamraport
	Dhenkanal
	Dumuduma
	Gunupur
	Jagatpur
	Jagatsinghpur
	Jajpur
	Jaleswar
	Jatni
	Jeypore
	Jharsuguda
	Kendrapara
	Keonjhar
	Khordha
	Nabrangpur
	Nawapara (Nuapada)
	Nayagarh
	Nimapara
	Paradip
	Parlakhemundi
	Phulbani
	Puri
	Rairangpur
	Rajgangpur
	Rayagada
	Rourkela
	Sambalpur
	Sonepur
	Sundargarh
	Talcher
	Titlagarh
Pondicherry UT	Karaikal
	Pondicherry
Punjab	Abohar
	Adampur
	Adda Dhaka
	Ajnala
	Amloh
	Amritsar
	Bagha Purana
	Banga
	Barnala
	Batala
	Bathinda
	Begowal
	Bhogpur
	Bikhiwind
	Budhlada
	Chau Majra
	Chogawan
	Dasuya
	Dera Baba Nanak
	Derabassi
	Devigarh
	Dhariwal
	Dhilwan
	Dhuri
	Dinanagar
	Faridkot
	Fatehgarh Churian
	Fatehgarh Sahib
	Fazilka
	Ferozepur
	Gardhiwala
	Garhshankar
	Gehri Mandi
	Gill Patti
	Gobindgarh
	Goraya
	Gurdaspur
	Hoshiarpur
	Jagraon
	Jalandhar
	Jhabal Kalan
	Kapurthala
	Kartarpur
	Khadaur Sahib
	Khanna
	Kotkapura
	Lambra
	Landran
	Ludhiana
	Malerkotla
	Malout
	Mansa
	Miani Khas
	Moga
	Mohali
	Mukerian
	Muktsar
	Multania
	Mundian Kalan
	Nabha
	Nakodar
	Nawanshahr
	Pathankot
	Patiala
	Patti
	Phagwara
	Phillaur
	Phullanwala
	Qadian
	Rajpura
	Ramasara
	Rayya
	Rupnagar
	Samana
	Sangrur
	Shahkot
	Sri Hargobindpur
	Sudhar
	Sultanpur Lodhi
	Tarn Taran
	Threeke
	Urmar Tanda
Rajasthan	Abu Road
	Ajmer
	Alwar
	Balotra
	Bandikui

State/UT	Centre
	Banswara
	Baran
	Barmer
	Bayana
	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
	Neem-Ka-Thana
	Nohar
	Pali
	Phalodi
	Pilani
	Pilibanga
	Pipar City
	Rajgarh
	Ramgarh
	Rawatbhata
	Rawatsar
	Reengus
	Sangaria
	Sardarshahar
	Sawai Madhopur
	Sikar
	Sri Madhopur
	Tijara
	Tonk
	Udaipur
Sikkim	Gangtok
	Namchi
	Rangpo
Tamil Nadu	Alandur
	Ambattur
	Ammapettai
	Anaikudam
	Anthiyur
	Appakudal
	Aranthangi
	Arni
	Attur
	Avadi
	Ayothiapatinam
	Bodhupatty
	Chengalpattu
	Chennai
	Chidambaram
	Coimbatore
	Cuddalore
	Cumbum
	Dharmapuri
	Dindigul
	Edanganasalai
	Edappadi
	Eraiyur
	Erode
	Hosur
	Ilanji
	Irungattukottai
	Kallakkurichi
	Kancheepuram
	Kangeyam
	Karaikudi
	Karamadai
	Karumathampatti
	Karur
	Kelambakkam
	Kethaiurambu
	Korattur
	Kulumur
	Kumbakonam
	Labbaikudikadu
	Lalgudi
	M Vadipatti
	Madurai
	Maduranthakam
	Mallasamudram
	Manachanallur
	Manapparai
	Mayiladuthurai
	Mecheri
	Medavakkam
	Merpanaikadu
	Mettunasuvampalayam
	Mettupalayam
	Mettur
	Mullipuram
	Musiri
	Muthuservamadam
	Nagapattinam
	Nagercoil
	Nallikaundanpalayam
	Nasiyanur
	Omalur
	Ooty
	Oriyur
	Palladam
	Pallavaram
	Paramkudi
	Pattukottai
	Perambalur
	Periasemur
	Perungudi
	Pollachi
	Poonamallee
	Porur
	Pudukkottai
	Rajapalayam
	Ramanathapuram
	Rasipuram
	Salem

State/UT	Centre
	Sankari
	Sarkarsamakulam
	Sathyamangalam
	Selaiyur
	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
	Dharmanagar
	Udaipur
Uttar Pradesh	Agra
	Aligarh
	Allahabad
	Amroha
	Aonla
	Azamgarh
	Badaun
	Baghpat
	Baheri
	Bahraich
	Ballia
	Balrampur
	Barabanki
	Bareilly
	Basti
	Bhadohi
	Bijnor
	Bulandshahr
	Chandausi
	Deoria
	Dhampur
	Etah
	Etawah
	Faizabad
	Farrukhabad
	Fatehpur
	Firozabad
	Gajraula
	Ghaziabad
	Ghazipur
	Gonda
	Gorakhpur
	Hapur
	Hardoi
	Hathras
	Jaunpur
	Jhansi
	Kannauj
	Kanpur
	Khatauli
	Khurja
	Kosikalan
	Lakhimpur-Kheri
	Lucknow
	Maharajganj
	Mainpuri
	Mathura
	Maunath Bhanjan
	Meerut
	Mirzapur
	Moradabad
	Muzaffarnagar
	Najibabad
	Noida
	Padrauna
	Palia Kalan
	Pilibhit
	Pratapgarh
	Rae Bareli
	Rampur
	Saharanpur
	Sambhal
	Shahjahanpur
	Sirsaganj
	Sitapur
	Sultanpur
	Unnao
	Varanasi
	Vrindavan
Uttarakhand	Bazpur
	Dehradun
	Haridwar
	Kashipur
	Mussoorie
	Pandri
	Rishikesh
	Roorkee
	Rudrapur
	Talli Haldwani
West Bengal	Alipurduar
	Amtala
	Andul
	Arambagh
	Asansol
	Bagnan
	Baharampur
	Baidyabati
	Bally
	Balurghat
	Bankura
	Baranagar
	Barasat
	Barrackpore
	Baruipur
	Basirhat
	Belghoria
	Binnaguri
	Bolpur
	Bongaon
	Boral
	Burdwan
	Chandernagore
	Chinsurah
	Contai
	Dakshineswar
	Dalkhola
	Dankuni

State/UT	Centre
	Darjeeling
	Diamond Harbour
	Domjur
	Dum Dum
	Durgapur
	Fulia
	Guskara
	Habra
	Haldia
	Howrah
	Jaigaon
	Jalpaiguri
	Kalimpong
	Kalna
	Kalyani
	Kanchrapara
	Kandi
	Katwa
	Kharagpur
	Khardaha
	Koch Bihar
	Kolkata
	Konnagar
	Krishnanagar
	Madhyamgram
	Mahestala
	Malda
	Medinipur
	Memari
	Nabadwip
	Nabapally
	Naihati
	Narendrapur
	New Barrackpore
	New Garia
	Nimta
	Panagarh
	Panihati
	Panskura
	Puruliya
	Raghunathganj
	Raiganj
	Rajarhat
	Rajpur-Sonarpur
	Rampurhat
	Ranaghat
	Raniganj
	Rishra
	Sainthia
	Salt Lake
	Serampore
	Sheoraphuli
	Shyamnagar
	Siliguri
	Singur
	Suri
	Tamluk
	Tarakeswar
	Uttarpara
Grand Total	1050
Overseas	Singapore
	Hong Kong
	Dubai
	Shanghai
	Abu Dhabi
	Colombo

AXIS BANK

GREENBANKING

REDUCE | REUSE | RECYCLE

At Axis Bank, the Green Banking journey started last year. Since then, we have made steady progress in our endeavour to save the planet. And in doing so, successfully brought the entire Axis Bank family together in their efforts to reduce our impact on the environment.

Just a few of the initiatives that continue to make a big difference -

- We have made Axis House a no-plastic zone
- Our Car-pooling initiative is a sustained effort to reduce our carbon footprints
- The dry waste collected at Axis House is being recycled to manufacture bio-degradable and eco-friendly bags and notepads
- We have seen considerable movement towards e-formats in our account and credit card statements, welcome letters, demat statements and loan payment schedules
- 61% of all shareholders received their half-yearly and annual reports via e-mail
- We moved to e-greetings instead of the normal paper greetings sent earlier
- Password generation, duplicate password and duplicate pin generation for our Internet Banking Customers and Debit Card customers has been changed to an online process

Our investment in three small, convenient and extremely effective measures of **Reduce, Reuse and Recycle** continues to pay rich dividends by ensuring that we leave a healthier planet for generations to come.

Progress on...

AXIS BANK

ANNUAL REPORT 2011-12

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