

# PROGRESSIVE PROGRESSIVE RELATI SSIVE RELATIONSH IVE RELATIONSHIP LATIONSHIPS ONSHIPS

*Progress on...*  **AXIS BANK**

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**Axis Bank** is the third largest private sector bank in India offering a comprehensive suite of financial products. Headquartered in Mumbai, the Bank has 2,904 branches, 12,743 ATMs and nine international offices. The Bank employs over 50,000 people and had a market capitalisation of ₹105,833 crores (as on 31 March, 2016).

### 2015-16 HIGHLIGHTS

#### DEPOSITS (₹ crores)

**357,968**

#### TOTAL ADVANCES (₹ crores)

**338,774**

#### RETAIL ADVANCES (₹ crores)

**138,521**

#### REVENUE (₹ crores)

**50,360**

#### NET PROFIT (₹ crores)

**8,224**

#### EARNINGS PER SHARE (₹)

**34.59**

Standalone figures

Since inception, Axis Bank has focused on partnering customers and helping meet their needs and aspirations. As a provider of banking and financial services, we recognise that our role goes beyond the transaction. Indeed, it extends to being a companion in growth. This approach is institutionalised in our corporate credo of *Progress on...*



Progress is also about being contemporary. It is about strengthening our organisation and its processes with robust infrastructure, the most relevant technologies, the right talent and skills and above all, a customer-centric attitude. Axis Bank leverages contemporary financial technology that helps us deliver a superior customer experience and seamless transaction capabilities.

Our progressive approach to bringing next practices to financial services is complemented by our deep belief in relationships. For us, well-nurtured relationships are the core building blocks of progress, and there is a certain old-world charm in how we go about building them. Warmth, care and empathy are essential ingredients in our customer engagement, and being approachable and available at all times is a core element of our customer centricity.

It is this ability to be progressive and build relationships at the same time that differentiates Axis Bank. It is the reason we have grown to be India's third largest private sector bank, and delivered on stakeholder aspirations consistently.

This annual report reflects our continued commitment to strengthen

## **PROGRESSIVE RELATIONSHIPS.**

# AXIS BANK AT A GLANCE



**Operating in India's dynamic banking sector, as one of the country's first new generation private sector banks, Axis Bank has come a long way ever since its inception in 1994.**

## VISION

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

Today, Axis Bank is India's third largest private sector bank. It offers the entire spectrum of financial services to customer segments, spanning large and mid-corporates, SME, and retail businesses.

The Bank's overseas operations are spread over nine international offices with branches in Singapore, Hong Kong, Dubai, Colombo and Shanghai; representative offices located in Dhaka, Dubai, Abu Dhabi, along with an overseas subsidiary in London, UK. The international offices focus on corporate lending, trade finance, syndication and liability businesses.

## CORE VALUES

The core values that reflect across the policies and decisions of the Bank comprise:

- Customer Centricity
- Ethics
- Transparency
- Teamwork
- Ownership

**KEY FACTS**

---

BALANCE SHEET SIZE (₹ crores)**525,468**

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SAVINGS BANK ACCOUNTS**172** lakhs

---

EMPLOYEES**50,135**

---

MARKET CAPITALISATION (₹ crores)**105,833**

---

PROPOSED DIVIDEND**250%**

---

CAPITAL ADEQUACY RATIO**15.29%**

---

TIER - I CAPITAL ADEQUACY RATIO**12.51%****OUR FOOTPRINT**

---

ATMs**12,743**

---

CASH RECYCLERS**1,146**

---

BRANCHES®**2,904**

---

SME CENTRES**51**

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INTERNATIONAL OFFICES**9**

# BUSINESS SEGMENTS

Axis Bank has a diversified business mix divided into two broad segments – Corporate Banking and Retail Banking.

## CORPORATE BANKING

Axis Bank provides comprehensive Corporate Banking solutions with presence across the value chain.

**CREDIT**

**TRANSACTION BANKING**

**TREASURY**

**SYNDICATION**

**INVESTMENT BANKING & TRUSTEE SERVICES**



### Credit

The Bank offers various loan and fee-based products and services to Large and Mid-corporate customers and Small and Medium Enterprise (SME) businesses. These products and services include cash credit facilities, demand and short-term loans, project finance, export credit, factoring, channel financing, structured products, discounting of bills, documentary credits, guarantees, foreign exchange and derivative products. Liability products including current accounts, certificates of deposits and time deposits are also offered to large and mid-corporate segments.

### Transaction Banking

The Transaction Banking group (TxB) was formed in April 2015 to provide effective service to customers, efficient customer management and multiple products within the Corporate Banking Group. TxB provides integrated products and services to customers in areas of current accounts, cash management services, capital market services, trade, foreign exchange and derivatives, cross-border trade and correspondent banking services and tax collections on behalf of the Government and various State Governments in India.

### Treasury

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

### Syndication

The Bank also provides services of placement and syndication in the form of local currency bonds, rupee and foreign term loans and external commercial borrowings.

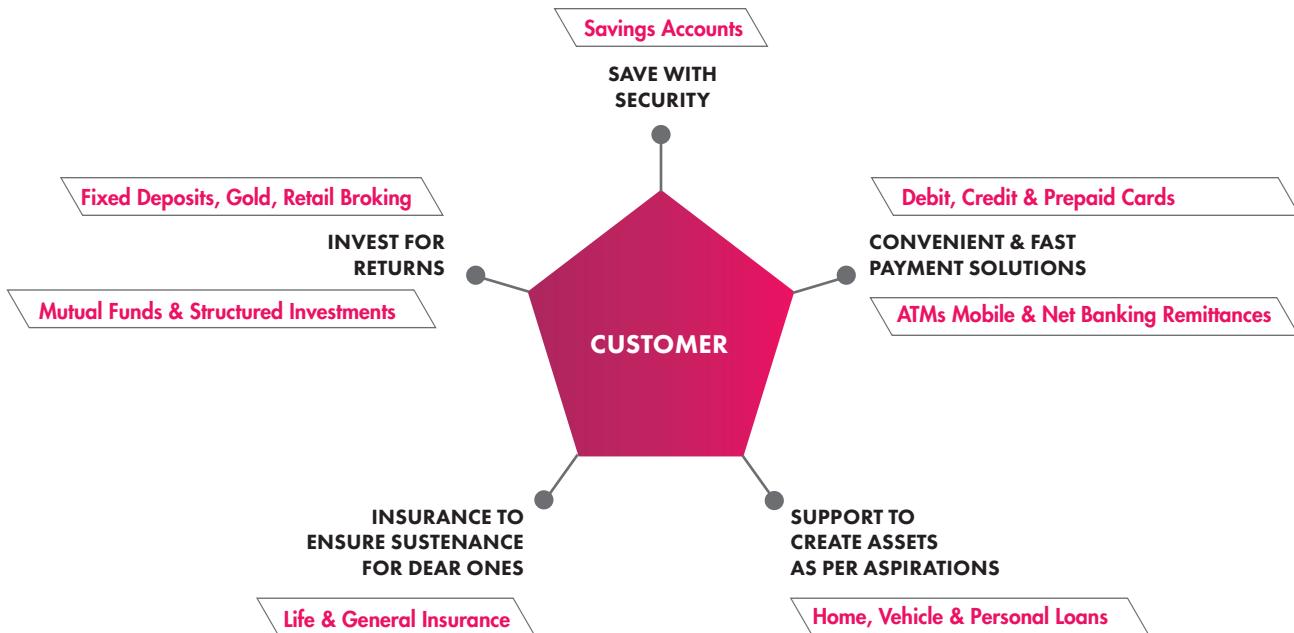
### Investment Banking and Trustee Services

The Bank provides investment banking and trusteeship services through its wholly-owned subsidiaries. Axis Capital Limited provides investment banking services relating to equity capital markets, institutional stock broking besides M&A advisory. Axis Trustee Services Limited is engaged in trusteeship activities, acting as debenture trustee and as trustee to various securitisation trusts.



## RETAIL BANKING

Axis Bank offers products and services in the retail segment capturing end-to-end customer requirements.



The Retail Banking segment encompasses a wide array of products and services across deposits, loans, investments and payment solutions, which are delivered through multiple channels to the Bank's customers. We cater to the end-to-end retail customer requirements through retail liabilities, retail lending and investment products.

### Retail Liabilities

Retail liability products include savings accounts, time deposits and customised products for certain target groups, such as high net worth individuals, senior citizens, working mothers, armed forces personnel, students and salaried employees.

### Retail Lending

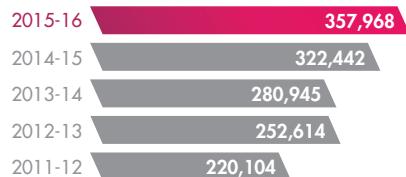
Retail asset products include home loans, personal loans, auto loans, consumer loans, loans against gold and education loans as well as secured loans of various types. The Bank also offers payment products and services such as debit cards, credit cards, travel currency cards and point-of-sale terminals.

### Investment Products

The Bank distributes investment products such as mutual funds and bancassurance products (Life and General Insurance) through its branches. The Bank offers online trading services to its customers in collaboration with Axis Securities Limited (a 100% subsidiary of the Bank) under the name Axis Direct - an enhanced and simplified online trading platform.

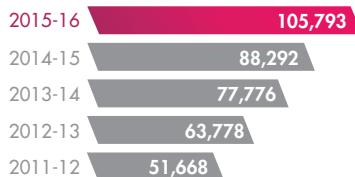
# 5 YEAR PERFORMANCE

## TOTAL DEPOSITS (₹ crores)



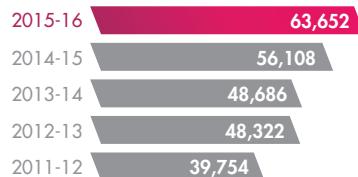
5 Year CAGR **14%**

## SAVINGS BANK DEPOSITS (₹ crores)



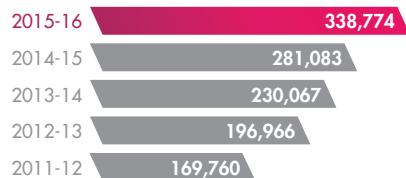
5 Year CAGR **21%**

## CURRENT ACCOUNT DEPOSITS (₹ crores)



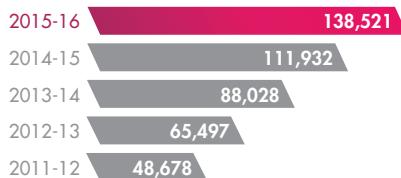
5 Year CAGR **12%**

## TOTAL ADVANCES (₹ crores)



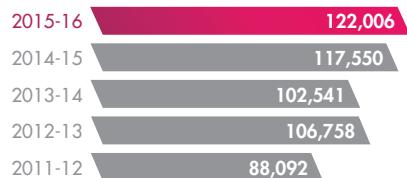
5 Year CAGR **19%**

## RETAIL ADVANCES (₹ crores)



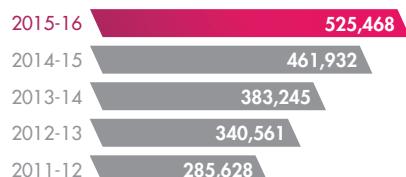
5 Year CAGR **31%**

## TOTAL INVESTMENTS (₹ crores)



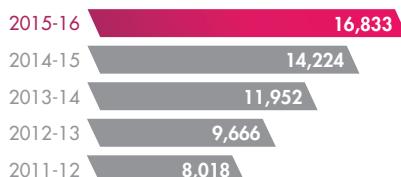
5 Year CAGR **12%**

## TOTAL ASSETS/LIABILITIES (₹ crores)



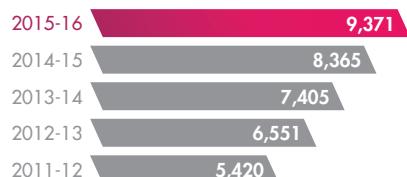
5 Year CAGR **17%**

## NET INTEREST INCOME (₹ crores)

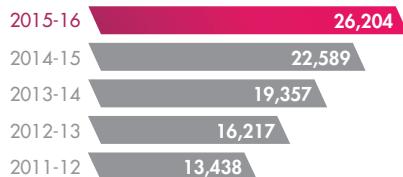
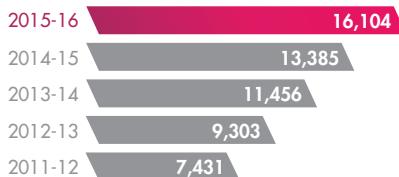
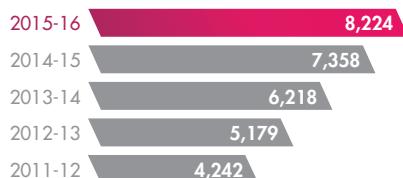
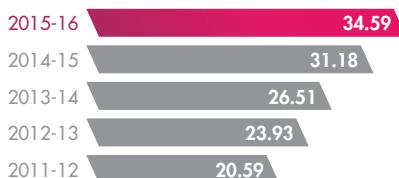
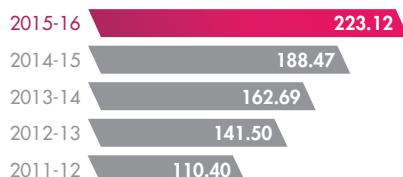


5 Year CAGR **21%**

## OTHER INCOME (₹ crores)

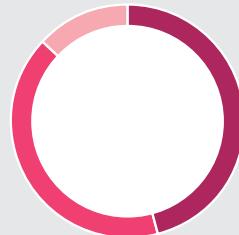


5 Year CAGR **15%**

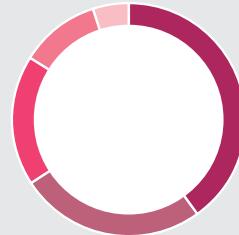
**OPERATING REVENUE (₹ crores)**5 Year CAGR **19%****OPERATING PROFIT (₹ crores)**5 Year CAGR **20%****NET PROFIT (₹ crores)**5 Year CAGR **19%****EARNINGS PER SHARE (BASIC) (in ₹)\*****BOOK VALUE PER SHARE (in ₹)\*****DIVIDEND PER SHARE (in ₹)\***

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

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

**Business Mix****LOAN & ADVANCES MIX (%)**

■ 46 Corporate  
■ 41 Retail  
■ 13 SME

**DIVERSIFIED FEE INCOME PROFILE (%)**

■ 40 Retail Business  
■ 26 Corporate Credit  
■ 18 Transaction Banking  
■ 11 Treasury & DCM  
■ 5 SME

**KEY RATIOS (%)**

2011-12	2012-13	2013-14	2014-15	2015-16
21.22	20.51	18.23	18.57	17.49
1.68	1.70	1.78	1.83	1.72
13.66	17.00	16.07	15.09	15.29
9.45	12.23	12.62	12.07	12.51
18.15	19.06	17.71	17.79	17.11

■ Return on Equity  
■ Return on Assets  
■ Capital Adequacy Ratio  
■ Tier - I Capital Adequacy Ratio  
■ Dividend Payout Ratio

# 2015-16 OPERATING HIGHLIGHTS

## Retail Liabilities

- Savings bank deposits crossed ₹1 lakh crores, growing at a five-year CAGR of 21%.

## Technology & Digital Banking

- Ping Pay, India's first multi-social application launched to enable peer-to-peer transfer of money/recharges through social media platforms like Whatsapp, Facebook and Twitter.
- Launched LIME - India's first mobile app integrating wallet, shopping, payments and banking.



## Retail Payments

- The Bank is one of India's largest debit card issuers, with a base of over 155 lakhs. On 31 March, 2016, the Bank had over 24 lakhs credit cards in force.
- The Bank is also one of the largest acquirers of point-of-sale terminals in the country with an installed base of around three lakh terminals.
- The aggregate load value on travel currency cards crossed US\$6.5 billion during 2015-16.

## Network

- Axis Bank was the first private sector bank to introduce recyclers and first bank in India to have 1,000+ recyclers, which can accept and dispense cash. As on 31 March, 2016, the Bank had deployed 1,146 recyclers.

## Service Quality

- Overall complaint ratio for the Bank reduced from 1.83 (per thousand accounts) in 2014-15 to 1.75 in 2015-16.

## Corporate Banking

- The Bank's corporate advances portfolio grew by 22% during 2015-16 and stood at ₹155,384 crores, comprising 46% of total advances.
- The Bank has maintained its leadership position in the loan syndication market and syndicated an aggregate amount of ₹22,613 crores (previous year ₹15,930 crores) by way of rupee loans and US\$1.93 billion (previous year US\$1.55 billion) of foreign currency loan during 2015-16.
- The Bank continues to remain a dominant player in the Debt Capital Market (DCM) Segment. During the year, it arranged ₹124,136 crores of bonds and debentures for various PSUs and corporates.
- To make available trade and forex products to all segments of customers, the number of branches handling forex business was increased from 214 to 475 during the year.



## International Banking

- As on 31 March, 2016, the total assets at overseas branches stood at US\$8.06 billion, compared to US\$ 7.86 billion last year.

## Corporate Social Responsibility

- The Bank spent ₹137.41 crores towards various CSR initiatives in 2015-16.



## SME

- 'SME Dealer Power' launched during FY 2015-16 offers comprehensive financing facility to the dealers of various companies in the country for efficient management of working capital and other business requirements. Besides, 'Exim Power' (launched recently) offers financing facilities to SMEs engaged in export/import activities and showcases the Bank's commitment towards 'Make in India' initiative.

## Financial Inclusion

- As on 31 March, 2016, the Bank had a network of 587 rural branches; and more than 31,300 BC agents (spread over 3,272 villages) service the Financial Inclusion customer base.
- Active in the social security space, the Bank has issued around 8 lakh Pradhan Mantri Suraksha Bima Yojana and 2 lakh Pradhan Mantri Jeevan Jyoti Bima Yojana policies.



# MANAGING DIRECTOR & CEO'S MESSAGE



SHIKHA SHARMA  
Managing Director & CEO

**India's macroeconomic fundamentals have continued to improve. This positions us well among the leading emerging economies. Progress has primarily been driven by continuation in government policy initiatives and benefits of a sustained regime of low commodity prices, leading to improvement in the current account deficit, lower inflation and robust foreign exchange reserves.**

## Dear Shareholders,

India's macroeconomic fundamentals have continued to improve. This positions us well among the leading emerging economies. Progress has primarily been driven by continuation in government policy initiatives and benefits of a sustained regime of low commodity prices, leading to improvement in the current account deficit, lower inflation and robust foreign exchange reserves.

The retail segment continues to show steady progress. However, corporate investments remain slow as capacity utilisation continues to be modest, balance sheets are stretched and global growth environment remains uncertain. This has impacted bank balance sheets in the form of deterioration in asset quality. During the year, the RBI undertook a comprehensive Asset Quality Review across all banks for appropriate recognition and resolution of stress in the system.

Our strategy of diversifying the business mix and sustained focus on deepening our low-cost deposit franchise has helped us deliver steady performance during the year. The Bank's retail businesses grew steadily and there was healthy growth in both retail deposits and loans, supported by an expanding network that remains critical to our retail franchise. Our investments in the most relevant technologies, the right talent and above all, a customer-centric approach have helped us to successfully deliver on our strategy over the years.

The Bank delivered a core operating profit growth of 21% and a net profit growth of 12% during the year. Despite asset quality challenges and higher provisioning requirements, we have continued to deliver a healthy RoA of 1.72% and RoE of 17.49%. The Bank's book value has steadily increased by a CAGR of 16% over the last three years.

The Bank is well capitalised and our current Tier-I ratio is higher than what it was three years ago, i.e. after when we raised capital in early part of Calendar Year 2013. During this period, all our capital needs in terms of growth, risk movements in the environment and regulatory changes have been met through our internal accruals and efficient capital allocation strategies.

As a part of the RBI's Asset Quality Review, a list of accounts for Axis Bank was identified by the RBI as potentially at risk from an industry perspective, and was shared with us. The Bank recognised the necessary impairment and the resultant provisioning impact of

# The Bank delivered a core operating profit growth of 21% and a net profit growth of 12% during the year.

the asset reclassification as per the RBI's assessment in the third quarter of the fiscal year. The Bank has witnessed higher stress over the last couple of years emanating from the corporate banking segment. Gross NPA has increased from 1.34% as on 31 March, 2015 to 1.67% as on end March 2016; and Net NPA Level increased from 0.44% to 0.70%.

The Bank is cognisant of the challenges faced by the sector and expects a turnaround in the asset quality situation to be gradual. The genesis for most of the asset quality issues lies in a combination of factors like slower economic growth, certain project specific issues and a global commodity slowdown. These factors have also impacted the stress levels in the Bank. In the interest of transparency we have shared a watch list of accounts which is likely to be the key source of future stress coming from the corporate loan book over the next two years. The Bank would like to maintain its provision coverage around current levels and also build up contingent provision buffers at every opportunity.

The Bank's business model over the years has had infrastructure lending and project financing as important components. During this cycle, these exposures have seen significant distress and contribute to the watch list. However, the Bank has over the last few years successfully diversified its loan book with Retail and SME contributing almost 55% of total loans. It has further improved its risk management and credit monitoring frameworks. An enterprise wide risk governance and risk appetite framework has been implemented, which now ensures much more granular

portfolio level risk management within the Bank. We have also been incrementally focusing more on higher rated corporate business over the past few years. We expect that the measures adopted by the Bank, coupled with economic recovery and the proposed government mechanisms for asset resolution, including the Bankruptcy Code, will go a long way in arresting the asset quality challenges and also help in providing resolutions over the medium term.

Our aim is to be a full service bank offering the entire gamut of banking products and services to our retail as well as the small, medium and large corporate customers. The payment space remains a key area of interest for us; and we continue our sustained focus on government business, cash management and on our strong transaction banking capabilities. Within this, it has been our endeavour to constantly redefine our overall customer experience by introducing new products and services; and tweaking existing processes to provide customers with an easy, seamless and omni-channel interface. We strongly believe in doing things that customers truly care for and doing it in the simplest possible way.

India's financial sector landscape is evolving rapidly. Customers are increasingly weaving their digital and physical worlds together with transactions being conducted seamlessly using multiple channels. At our Bank too, we continue to see strong momentum towards the adoption of digital channels by our customers. The transaction volumes on our award winning mobile application (Axis Mobile) have gone up almost four times compared to that of last year, outpacing every other channel by a wide margin.

Electronic channels now contribute 87% of all customer induced transactions in our retail base. However, we believe that branches will continue to play a key role in customer acquisition, providing localised services to our customers and we shall continue to build and nurture this franchise. We have opened 315 new branches this fiscal year and will continue to make adequate investments in our branch network infrastructure going forward.

Although banks have been extending their network to reach out to new geographies and customers, the penetration of household banking services remains low in the country. The emergence of a new class of banks - Small and Payment Banks will help accelerate financial inclusion by making the last-mile access more cost-effective and expanding the reach of banking to the unbanked.

## MANAGING DIRECTOR & CEO'S MESSAGE (CONT.)

With the advent of new players, two macro themes will evolve over time. Customers who are currently not a part of the formal financial architecture will get included; and secondly, as consumers realise the convenience of using technology-enabled alternate banking channels, the economy will see a gradual reduction in cash intensity. Both these factors will have a positive impact on the financial sector as a whole.

The new banks will start finding niches for themselves to operate in this increasingly competitive environment. On the other hand, the incumbent banks will also find immense opportunities to leverage on the brand value, network, technology and capabilities that they have built over the years to launch new products and services to their existing and prospective customers and increase activity levels in customer accounts through big data analytics and cross sell.

I believe India is on the cusp of an explosion in entrepreneurship. Supported by a growing entrepreneurship culture, a proactive government and rising availability of financing, young entrepreneurs are unleashing a wave of start-up ideas. Learning how to serve

these businesses and offering a full product suite present a huge opportunity for banks, both old and new. In this regard, we have created a new business vertical (the New Economy Group) within our Corporate Banking that aims to foster relationships with e-commerce companies and start-ups, through a relationship-driven comprehensive coverage model. There is a whole new ecosystem that is being built on the backbone of technology, innovation and enterprise. We are engaging with many of these new companies with our investment banking solutions, banking products, meeting their transaction banking needs and serving their customers. In some markets, we are partnering with these new companies to fund their suppliers. We hope to be a prominent financial services provider in this new and evolving environment. A good example is Trade Receivables financing. Axis Bank is one of the three entities which have been chosen to implement the Trade Receivables Discounting System (TReDS) platform for facilitating cash flows for SMEs.

This year the fury of nature was witnessed with devastating consequences, be it the earthquake in Nepal or the floods in Chennai. The Axis Family and Axis Bank Foundation in co-ordination

## ROADMAP FOR FY 2016-17

### CASA

Focus on low-cost CASA deposits to contain funding cost

### Transaction Banking

Enhanced focus on Transaction Banking as an integrated business

### Retail Asset Portfolio

Strengthening retail asset portfolio as the next growth phase in retail assets together with focusing on digital platforms

### Asset Quality

Focus on bolstering risk practices, guardrails, early warning systems to ensure better asset quality

### Digital Payments

Digital payments have a key focus area, following technological advances, significant growth in digital transactions and government/regulatory push to migrate to a cashless economy

### SME Lending

Small & Medium Enterprises (SMEs), being an important constituent of India's economic growth remains a key focus area

# **With a growing entrepreneurship culture, supportive proactive Government and growing availability of financing, India, the world's largest democracy, is poised for robust economic development.**

with their NGO partners immediately rallied behind the affected people in whatever way they could. Around 8,000 Chennai flood victims were provided food, clothes and immediate first aid. We are happy to have played a role in alleviating their hardship.

The rise in number of extreme weather events that we are witnessing across the country further substantiates the fact that climate change has become a harsh reality. As a responsible Bank, we acknowledge our role in supporting economic growth as well as in ensuring environmental sustainability. During the last few years, we have embarked on multiple initiatives to help reduce our direct environmental impact and we will continue to explore more of such avenues. We remain committed to our sustainability framework and will actively promote the integration of environmental sustainability and community development in all our operational policies and lending decisions.

No organisational objective can be achieved without the spirit of perfect teamwork and strong collaboration of its employees. The various awards that the Bank was bestowed upon this fiscal year were testaments of the wholehearted commitment of our 50,000+ employees spread across the country. I am happy to share that Axis Bank is one of the two Indian banks to have featured in the 'Top 75 safest banks' in the world by The Banker magazine. The Certificate of Recognition for Excellence in Corporate Governance by the Institute of Company Secretaries of India is another significant achievement for us as an institution.

Our efforts to constantly innovate and invest in new technologies for the future received further encouragement by winning the Best Bank Award for Digital Banking, Analytics and Big Data among large banks awarded by the Institute for Development and Research in Banking Technology (established by the RBI).

Fiscal year 2016 has been a good year for all our subsidiaries, as witnessed by healthy growth in revenue and earnings of 38% and 29%, respectively. Axis Capital continues to be one of the leading investment banks in India. Axis Asset Management Company (AMC) gained market share during the year and is now ranked 11<sup>th</sup> in assets under management among participants in the mutual funds industry. The AMC and Retail Brokerage businesses are also contributing towards the Bank's Retail Franchise building strategy by creating value for Axis Family customers.

With a growing entrepreneurship culture, supportive proactive Government and growing availability of financing, India, the world's largest democracy, is poised for robust economic development. We remain confident of the Bank's ability to leverage its strong retail and corporate franchises; and take advantage of the opportunities that may emerge as the economy gains momentum. Meanwhile we will continue to build our infrastructure, invest in technology and human capital to support our business growth.

I wish to take this opportunity to thank all our stakeholders, past and present, for supporting us; and reiterate our commitment to delivering value to all our stakeholders.

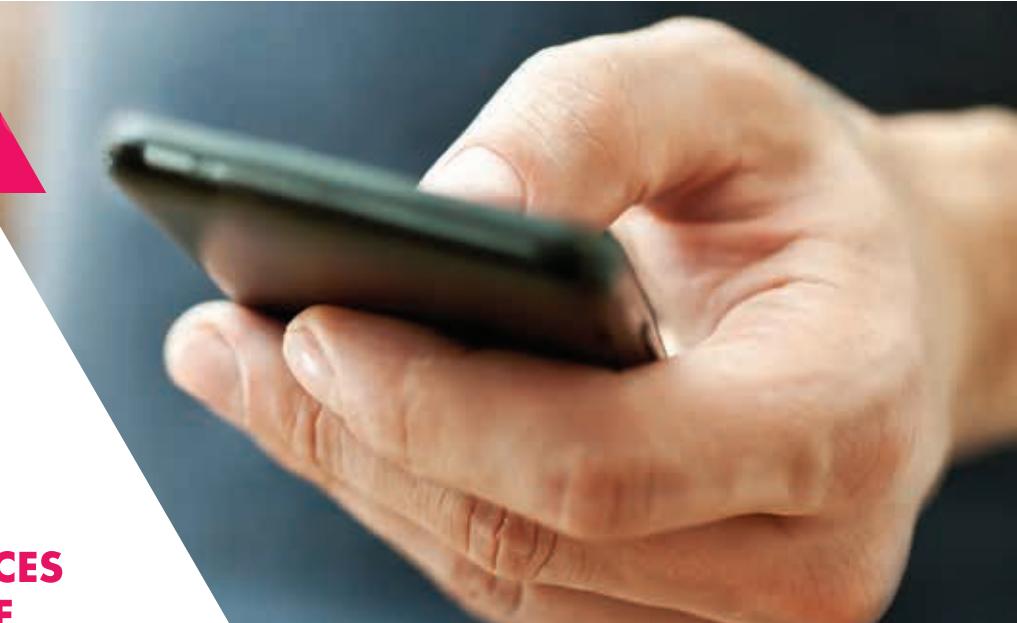
**SHIKHA SHARMA**  
Managing Director & CEO

# GY TRANSFORMING BANKING WITH TECHNOLOGY TRANSFORMING BANK

Technology is redefining banking globally. Being the go-to bank for millions of people in India, we are introducing more technology-driven solutions to partner an aspirational India. From providing people new avenues for digital banking to unveiling fast and hassle-free solutions, technology is facilitating progressive relationships at Axis Bank.



# LOGY TRANSFOR ING WITH TECHN



## ONE-CLICK EXPERIENCES ANYTIME, ANYWHERE

### INSTA PERSONAL LOAN

Axis Bank is the first bank in the country to provide a '24X7 Instant Personal Loan' on smartphones and ATM kiosks. Customers not only get instant loan approval, but also the disbursement, which gets credited directly into their account.

### LOCKER BOOKING

The Bank has launched an online locker booking facility through the Mobile App; the first in the industry to offer such a facility, empowering customers to check availability from their homes and book instantly.

### FD & RD BOOKING

Customers can now open and close term deposits using the Axis Mobile app and can also view a summary of all deposits linked to their customer ID.

### ONE-TOUCH AUTHENTICATION

The Bank launched the 'Touch ID' - a one touch authentication for transactions through its mobile app. Bank customers using Apple iPhone 5s and above can complete their financial transactions such as bill payments, mobile recharge and funds transfer using this feature.

The Bank also launched the banking application for Apple Watch.



### ONE PAGE INTERNET BANKING

The Bank launched one-page banking in 2015-16, enabling customers to do most of their banking initiatives from the dashboard itself, without having to navigate to other pages.



# TRANSFORMING BANKING WITH TECHNOLOGY (CONT.)



## CAPITAL WITH CONVENIENCE

### ■ MICROFINANCE INSTITUTIONS (MFI) LENDING

A new tablet based Loan Origination System developed to digitize the entire lending process of MFI business. This will replace the existing paper based loan sanctioning process.

### ■ RURAL LENDING

TATPAR (one of our products from a suite of automations offered to Rural Lending team) was launched in 2015-16. A tablet and desktop based new workflow has been designed as a part of mobility initiative for the team.

## NEXT GEN PAYMENTS

Axis Bank is the first bank in India to offer contactless Multicurrency Forex Cards to Indian travellers enabling faster and more convenient transactions while abroad. The same technology has also been extended to the Bank's Debit and Credit card platforms. The Bank has setup an in-house Payment Gateway that allows for secure ecommerce transaction processing capability and reduces the cost incurred on using external gateways.



# IPS CORPORATE BANKING REDEFINED CORPORATE BANKING REDEFINED CORPORATE BANKING REDEFINED



**Our corporate client relationship model introduced in earlier years has been further entrenched. We have further strengthened our processes and controls apart from investing in technology platforms. We offer a comprehensive suite of mobile and tablet-based solutions for payments, trade and forex transactions for corporates. These unique features bring speed, simplicity and convenience to our customers, as they grapple with a dynamic business environment. Our sensitivity drives better business outcomes for customers; and the result is an enduring, progressive relationship.**

**Key solutions comprise:**

## **TAB-BASED INTERNET BANKING SOLUTION**

This provides an alternative to the existing desktop-based application that allows users to view, initiate and approve transactions while on the move.

## **PAY CONNECT**

This enables electronic payments, within-Bank fund transfers and cheque/DD payments on the mobile device. The application also has analytical capabilities to enable monitoring of fund position and liquidity. Customers can view account summary, download statement of accounts, link group accounts, check balances in real time, download, and e-mail transaction reports.

# STATE BANK CORPORATE



## TFCONNECT

TFConnect (online Trade Portal) is a web based interface for executing trade and related transactions. It allows customers to define templates, add beneficiary details and clauses. Customers who have registered for TFConnect are able to initiate and approve their request for Trade Products like LCs, BGs, Bills and so on through online channels from the comfort of their office. It has enabled migration of trade transactions from the traditional 'Branch led model' to online 'Self Service model'. Approving authorities within corporates are able to view details, status and approve transactions, while on the go, by using the 'TFConnect on Mobile App'.

## FxCONNECT MOBILE

This mobile app offers continuous connectivity with Forex markets to our corporate customers; thus enabling them to track the market and undertake transactions on the go. The app provides seamless experience with live streaming rates and instant deal booking.



## BEYOND BANKING

Apart from meeting banking requirements, we also offer a range of business tools that help customers operate their businesses with ease. We have hand-picked third party services and have negotiated best deals for our Current Account customers with them. We offer BizSupport services to help customers start a new business and further add business value with services related to online presence, exports, accountancy, regulatory compliance and corporate training.

## TAILORMADE CURRENT ACCOUNT

Axis Bank Tailormade Current Account is a customisable account for business customers based on their business requirements and style. It gives freedom to customise the current account relevant to specific business needs. The customisable features include average balance to be maintained, number of free transactions per month, free monthly cash deposits and withdrawal limits, design Cash Management Services, choice on the number of free cheque leaves.



# ON EMPOWERING AMBITION EMPOWERING AMBITION EMPOWERING AMBITION

**Our asset-side product suite underscores the Bank's commitment to partnering inclusive growth. These offerings leverage advanced technologies; and seek to address the financial requirements of customers across the social pyramid by building relationships of trust.**

We have demonstrated this across multiple segments:

## EMERGING ENTERPRISES GROUP (EEG) BUSINESS

EEG was formed in 2014 to cater to the business needs (both working capital and term loan requirement) of micro and small businesses with turnover of up to ₹10 crores and support them to grow to the next level.

EEG has adopted a very simplified approach to lending, driven by uniform products, credit scores and standardised processes. We have initiated many tie-ups with various corporates in the space of seller financing, franchise funding and invoice discounting.

EEG has also played a critical role in the implementation of various government schemes, targeted at micro and small business borrowers, such as CGTMSE, PMMY, among others.



## MICROFINANCE

At Axis Bank we see the microfinance business as an opportunity to bring in the un-organised sector in the banking fold. It is an effective tool to bring financial empowerment for the un-banked population. The Bank is in the retail microfinance initiative since June 2012. Apart from this, we are also running a Self Help Group lending programme, urban microfinance and business correspondence tie-ups. Through these initiatives, the Bank has reached out to 7 lakh families in rural and urban locations across the country and disbursed ~₹1,500 crores.

We follow a holistic approach towards financial empowerment of customers. It includes providing financial literacy, credit counselling, micro credit and micro insurance. To take microfinance offerings to the next level, we have introduced tab-based banking, which has automated the entire end-to-end process. The result is low TAT and improved customer experience.



**ABITION  
COVERING ALL**



## ASHA HOME LOANS

Asha home loans, our home loan product, caters to the first time home buyers in the lower income segment; and helps them by providing affordable EMI options. The product offers loan from ₹1 lakh to ₹15 lakhs in small towns (population < 10 lakhs) and up to ₹25 lakhs in larger towns (population > 10 lakhs), to customers with family incomes of ₹8,000 - 10,000 per month and above. Available in both floating and fixed rate options, it has attractive interest rates and requires simple documentation. Loan amount of up to 90% of the property value can be availed with 30 years of loan tenure.

## INSTANT PERSONAL LOAN

24X7 Instant Personal Loans offers real-time paperless loan disbursement, resulting in seamless customer experience for existing bank customers. The pre-approved loan offers can be viewed on mobile app, internet banking and on the ATM.



### Creating pathways of progress

Savita and Ramlal, fought hard against poverty, but never abandoned their dream of a better life; Axis Bank is proud to partner their journey from financial distress to a life of dignity.

When Savita and her husband Ramlal came to Najarpur, Ghatiya, Ujjain, the family did not have a regular source of income. Ramlal was doing odd jobs for survival and Savita worked as a daily wage labourer in construction projects, around her village.

With nobody else to lend a helping hand, Savita approached the local Axis Bank branch for a loan of ₹18,000 under the Axis Sahyog programme. She invested the money to start a small business of readymade garments. Her husband also supported her.

After a prolonged struggle, today, with a monthly income of around ₹8,000 per month, Savita and Ramlal finally have a reason to smile. An inspiration to many women like her, Savita now motivates others in the village to become self-employed.

"**Thanks to the support of Axis Bank**, I am now confident to provide good education to my children and secure their future. Today, people respect our family and I am grateful," she says.

*Names changed for confidentiality purposes*

# NURTURING PEOPLE POTENTIAL NURTURING PEOPLE POTENTIAL NURTURING PEOPLE POTENTIAL



**At Axis Bank, each of our employees strives to live up to our brand promise.  
We help them by empowering them and nurturing their capabilities.**

Developing leadership skills across various levels is one of our key focus areas for capability building. A multi-tiered leadership development programme has been created to develop leaders at various levels in the Bank through academic tie-ups with premier institutions globally.

The Bank has entered into a partnership with the world's largest online learning platform Coursera for customised online certification programmes for employees.

Axis Champions, the Bank's premier awards platform, is an initiative to usher in culture alignment across the organisation; and to recognise and reward champions for their outstanding efforts.

This year, Axis Blitz was launched as a circle level platform to reinforce 'role model' behaviours through storytelling and experience sharing with the Bank's senior leadership.

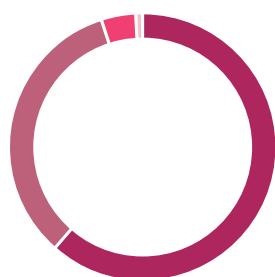
This year, the Bank launched 'With You' - an initiative to provide confidential counselling services to employees and their families for anything, at any time.

The Bank has shifted to an integrated Performance Management & Capability Development system - called **ACelerate** (Axis Capability Enhancement Programme). While retaining the tenets of Meritocracy, Transparency and Fairness, **ACelerate** follows the principles of attaining greater alignment to the Bank's performance, more inclusive approach to career growth, investing in capability development, and creating leaders at every level.

PEOPLE  
POTENTIAL NOW



**EMPLOYEE PROFILE BY AGE (%)**



■ Below 30 Years	61.55
■ Between 30 yrs to 40 yrs	33.70
■ Between 40 yrs to 50 yrs	4.14
■ Between 50 yrs to 60 yrs	0.61

## SHOWING THE WAY

### Ensuring cash during floods

**Rohit Sharma** facilitated cash withdrawals during the recent Chennai floods by collaborating to personally transport 50 fully loaded GPRS POS terminals from Bengaluru to Chennai and effectively deploying them across the city.

### Protecting against cybercrime

**Naveen Vaishya** relentlessly followed through a case of disputed ATM transactions and averted a major cybercrime by initiating Cyber Police investigations resulting in a gang's arrest and confiscation of confidential data of 2 Lakh customers.

### Against all odds

**Dimple Maurya**, despite transport standstill in Mumbai due to heavy rains, helped an NRI customer arrange funds for clearing medical bills and conducting last rites of the customer's father.

*Names changed for confidentiality purposes*

# SUSTAINABLE DEVELOPMENT FOR PROGRESSIVE COMMUNITIES



We at Axis Bank, acknowledge and are committed to fulfil our role and responsibility in supporting economic growth, environmental sustainability and community development. As a part of our overarching agenda of driving progressive relationships, we have evolved a stakeholder-centric Sustainability Framework.

The Framework is aligned to our long-term business objectives, while addressing stakeholder expectations on several issues of sustainability.

## OUR SUSTAINABILITY FRAMEWORK



Progress on...



AXIS BANK

**96 LAKHS**

FINANCIAL INCLUSION CUSTOMER BASE

**8.14 LAKHS**

CUMULATIVE NUMBER OF BENEFICIARIES OF AXIS BANK FOUNDATION PROGRAMMES, SPANNING 26 STATES AND 241 DISTRICTS OF INDIA

**₹1,008 CRORES**

MICRO-LOANS DISBURSED TO WOMEN

**3 MW**

CUMULATIVE INSTALLED SOLAR POWER CAPACITY ACROSS 175 BRANCHES AND OTHER LOCATIONS

**₹137.41 CRORES**

TOTAL CSR EXPENDITURE, 11.52% ESCALATION, COMPARED TO PREVIOUS YEAR

**₹4,277 CRORES**

OF CREDIT OUTSTANDING FOR 'SUSTAINABLE SECTORS' - RENEWABLE AND CLEAN ENERGY, WASTE PROCESSING AND MASS RAPID TRANSPORTATION

**People**

Create and sustain diverse work culture through improving organisational effectiveness, providing safe and ethical work environment, and maintaining stability and sustainability amidst the rapidly changing business environment and growth

**Environment**

Promote environmental sustainability and equitable growth through sustainable lending practices.

Reduce impacts on environment on account of own operations by actively managing our environmental footprint and supporting customers to make 'green banking' choices

**Communities**

Create and sustain a mechanism that will propagate sustainable livelihoods and contribution back to society across various segments

## AWARDS AND ACCOLADES



Mr. Rajiv Anand - Executive Director (Retail Banking) (2nd from left) &  
Mr. Sanjay Silas - President (Branch Banking) (Extreme right) receiving the ' Best Bank'  
award from Mr. N. K Singh (3rd from left) at Outlook Money Awards 2015

- Winner in the Best Bank Category at Outlook Money Awards 2015
- Won Best Security award among Private Sector Banks in India Data Security Council of India (DSCI), a premier industry body on data protection in India, set up by NASSCOM®
- Adjudged 'Best Audit Committee' by Asian Centre for Corporate Governance & Sustainability
- Received a Certificate of Recognition for excellence in Corporate Governance from The Institute of Company Secretaries of India (ICSI)
- Won the Best Bank Award for Digital Banking, Analytics & Big Data among large banks in the IDRBT Banking Technology Excellence Awards
- Featured in Limca Book of Records 2015 for accomplishing a national record through its campaign - 'Plant a Sapling'
- Ping Pay was awarded for Innovation in Social Pay by Aegis Graham Bell Awards 2015
- Adjudged the Best Private Sector Bank under the Rural Reach Dun & Bradstreet Banking Awards category 2015



Amit Sethi - President & Chief Information Officer (extreme right), receiving the IDRBT Banking Technology Excellence Award from H R Khan - Deputy Governor of RBI (Centre) & Raghuram Rajan - Governor of RBI (extreme left)



Sanjeev K. Gupta - Executive Director (Corporate Centre) (2nd from left) & Girish V. Koliyote - Company Secretary (extreme right) receiving the ICSI Certificate of Recognition for excellence in Corporate Governance

- Winner amongst Large Banks category for excellent performance in IMPS by National Payments Excellence Awards 2015
- Awarded for Mobile Banking Initiative of the Year - India by Asian Banking and Finance Retail Banking Awards 2015
- Awarded for the Advertising Campaign of the Year - India at Asian Banking and Finance Retail Banking Awards 2015
- Won the IBA Banking Technology Awards 2015 in the 'Best Payment Initiatives' category among private sector banks
- Received the 'Best Loyalty Programme of the Year' (9<sup>th</sup> Loyalty Awards 2016) for the second year in a row
- Our Mobile App tops Forrester's review of Smartphone Mobile Banking Apps in India
- Ranked among the Top 75 safest banks in the world by The Banker
- Awarded the CII Sustainable Plus 'Gold' 2015 label for 2014-15 sustainability performance by The Confederation of Indian Industries (CII)

# BOARD AND MANAGEMENT

## BOARD OF DIRECTORS

<b>Sanjiv Misra</b> Chairman	<b>S. Vishvanathan</b> Director
<b>Shikha Sharma</b> Managing Director & CEO	<b>Rakesh Makhija</b> Director
<b>V. R. Kaundinya</b> Director	<b>Ketaki Bhagwati</b> Director
<b>Prasad R. Menon</b> Director	<b>B. Babu Rao</b> Director
<b>Samir K. Barua</b> Director	<b>V. Srinivasan</b> Deputy Managing Director
<b>Som Mittal</b> Director	<b>Rajiv Anand</b> Executive Director (Retail Banking)
<b>Rohit Bhagat</b> Director	<b>Rajesh Dahiya</b> Executive Director (Corporate Centre)
<b>Usha Sangwan</b> Director	

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

**Secretarial Auditors**  
**M/s BNP & Associates**  
Company Secretaries

**Registrar and Share Transfer Agent**  
**M/s Karvy Computershare Private Limited**  
Unit: Axis Bank Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad - 500 032  
Tel.: +91-40-67162222 Fax: +91-40-23001153

**Registered Office**  
'Trishul', 3rd Floor, Opp. Samarheshwar Temple,  
Near Law Garden, Ellisbridge, Ahmedabad - 380 006  
Tel.: +91-79-66306161 Fax: +91-79-26409321  
Email: shareholders@axisbank.com  
Website: www.axisbank.com

## CORE MANAGEMENT TEAM

<b>Sidharth Rath</b> Group Executive - Corporate Relationship Group & Transaction Banking	<b>Jairam Sridharan</b> Group Executive & Chief Financial Officer
<b>Rajendra Adsul</b> President - International Banking	<b>J. P. Singh</b> President - SME
<b>Cyril Anand</b> President & Chief Risk Officer	<b>Himadri Chatterjee</b> President - Transaction Banking
<b>Rudrapriyo Ray</b> President - Structured Finance Group	<b>Sanjay Silas</b> President - Branch Banking
<b>Akshaya Kumar Panda</b> President - Corporate Client Coverage Group	<b>Prashant Joshi</b> President - Corporate Credit Department
<b>Amit Sethi</b> President & Chief Information Officer	<b>Girish V. Koliyote</b> Company Secretary

As on 1 June, 2016

## Corporate Office

'Axis House', C-2, Wadia International Centre,  
Pandurang Budhkar Marg, Worli, Mumbai - 400 025  
Tel.: +91-22-24252525/43252525  
Fax: +91-22-24251800

# DIRECTORS' REPORT: 2015-16

The Board of Directors have the pleasure of presenting the 22<sup>nd</sup> Annual Report of the Bank together with the Audited Statement of Accounts, Auditors' Report and the Report on the business and operations of the Bank for the financial year ended 31<sup>st</sup> March 2016.

## Financial Performance

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

Particulars	2015-16	2014-15	(₹ in crores)
	2015-16	2014-15	Growth
Deposits	357,967.56	322,441.94	11.02%
Out of which			
• Savings Bank Deposits	105,793.13	88,292.08	19.82%
• Current Account Deposits	63,651.92	56,108.22	13.45%
Advances	338,773.72	281,083.03	20.52%
Out of which			
• Retail Advances	138,520.90	111,932.27	23.75%
• Non-retail Advances	200,252.82	169,150.76	18.39%
Total Assets/Liabilities	525,467.62	461,932.39	13.75%
Net Interest Income	16,832.97	14,224.14	18.34%
Other Income	9,371.46	8,365.04	12.03%
Out of which			
• Fee Income	7,501.97	6,778.98	10.67%
• Trading Profit <sup>(1)</sup>	1,246.91	1,134.94	9.87%
• Misc. Income	622.58	451.12	38.01%
Operating Expenses (excluding depreciation)	9,656.91	8,798.07	9.76%
Profit before Depreciation, Provisions and Tax	16,547.52	13,791.11	19.99%
Depreciation	443.91	405.67	9.43%
Provision for Tax	4,170.09	3,699.01	12.74%
Other Provisions and Write offs	3,709.86	2,328.61	59.32%
Net Profit	8,223.66	7,357.82	11.77%
<b>Appropriations:</b>			
Transfer to Statutory Reserve	2,055.92	1,839.46	11.77%
Transfer (from)/to Investment Reserve	(41.81)	25.49	-
Transfer to Capital Reserve	62.04	63.14	(1.74%)
Transfer to Reserve Fund	1.74	(1.27)	-
Proposed Dividend <sup>(2)</sup>	2.81	1,308.96	-
Surplus carried over to Balance Sheet	6,142.96	4,122.04	-

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

<sup>(2)</sup> According to the Companies (Accounting Standards) Amendment Rules, 2016, proposed dividend is not recognised as a liability as on 31<sup>st</sup> March 2016

## DIRECTORS' REPORT (CONT.)

Key Performance Indicators	2015-16	2014-15
Interest Income as a percentage of working funds*	8.59%	8.81%
Non-interest Income as a percentage of working funds*	1.96%	2.08%
Net Interest Margin	3.90%	3.92%
Return on Average Net Worth	17.49%	18.57%
Operating Profit as a percentage of working funds*	3.38%	3.33%
Return on Average Assets	1.72%	1.83%
Profit per Employee**	₹17.83 lacs	₹17.07 lacs
Business (Deposits less inter-bank deposits + Advances) per employee**	₹14.84 crores	₹13.71 crores
Net non-performing assets as a percentage of net customer assets***	0.70%	0.44%

\* 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 representing Non-SLR investments through primary market

Previous year figures have been re-grouped wherever necessary

This year has been a mix of opportunities and challenges for the Indian Banking sector. Despite the challenges the Bank continues to perform well, by leveraging upon its branch network and innovative electronic channels, a well-developed retail franchise and a number of key corporate and SME relationships. During the year, the Bank continued to expand its network, as we believe that both physical branches and digital channels will co-exist to create the superior customer experiences which continue to remain the corner stone of our vision and strategy. The Bank's retail businesses grew steadily during the year and there was credible growth of both retail deposits and loans, supported by an expanding network that is critical to the retail franchise. Our corporate advances portfolio grew higher than industry growth rates as we continue to find attractive refinancing opportunities for highly rated corporates that are new relationship additions to the Bank's franchise.

The Bank continued to show a healthy growth in both business and earnings, with a net profit of ₹8,223.66 crores for the year ended 31<sup>st</sup> March 2016, registering a growth of 11.77% over the net profit of ₹7,357.82 crores last year. The operating profit of the Bank increased by 20.31% to ₹16,103.61 crores from ₹13,385.44 crores last year. The Bank continued to focus on the quality of growth and displayed strong growth in key balance sheet parameters for the year ended 31<sup>st</sup> March 2016. The total assets increased by 13.75% to ₹525,468 crores, total advances increased by 20.52% to ₹338,774 crores. The total deposits of the Bank increased by 11.02% to ₹357,968 crores against ₹322,442 crores last year. Savings Bank deposits increased by 19.82% to ₹105,793 crores, while Current Account deposits increased by 13.45% to ₹63,652 crores and together constituted 47% of total deposits as compared to 45% last year.

The Bank continued to enhance its shareholder value by delivering healthy financial return ratios. Basic Earnings Per Share (EPS) was ₹34.59 compared to ₹31.18 last year, while the Diluted Earnings Per Share was ₹34.40 compared to ₹30.85 last year. Return on Equity (RoE) stood at 17.49% compared to 18.57% last year, and Return on Assets (RoA) stood at 1.72% compared to 1.83% last year. The Net Interest Margin (NIM) for the year was 3.90% compared to 3.92% last year. The ratio of Gross NPAs to gross customer assets stood at 1.67%, and Net NPA ratio (Net NPAs as percentage of net customer assets) was 0.70%. The Bank's provision coverage stood at 72.27% after considering prudential write-offs.

### Capital

During the year, 12,309,627 equity shares of ₹2 each were allotted by the Bank to some of its Directors/Employees and that of its subsidiary companies, pursuant to exercise of options by them under the various Employee Stock Option Schemes of the Bank. Pursuant to said allotment, the total issued and paid-up equity share capital of the Bank increased to ₹476.57 crores, as compared to ₹474.10 crores as on 31<sup>st</sup> March 2015.

The shareholding pattern of the Bank as on 31<sup>st</sup> March 2016, was as under:

Sr No	Shareholder/ Category	No. of Shares held	% of Paid-up Capital
<b>Promoters</b>			
1	Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	27,48,40,905	11.53
2	Life Insurance Corporation of India (LIC)	34,88,60,225	14.64
3	General Insurance Corporation of India	4,05,95,000	1.70
4	The New India Assurance Company Limited	2,61,03,585	1.10
5	National Insurance Company Limited	47,47,285	0.20
6	The Oriental Insurance Company Limited	63,30,020	0.27
7	United India Insurance Company Limited	69,27,714	0.29
<b>Foreign Investors</b>			
8	Overseas Investors (including FIIs/OCBs/NRIs)	98,29,06,791	41.25
9	Foreign Direct Investment (GDR issue)	7,99,57,720	3.36
<b>Domestic Financial Institutions</b>			
10	Financial Institutions/Mutual Funds/Banks/NBFC	24,67,36,628	10.35
<b>Retail Investors</b>			
11	Others	36,48,25,953	15.31
<b>Total</b>			<b>238,28,31,826</b>
			<b>100.00</b>

The said equity shares are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Unsecured Redeemable Non Convertible Debentures issued by the Bank on a private placement basis are listed on NSE and BSE. The Global Depository Receipts (GDR) issued by the Bank are listed on the London Stock Exchange. The Bonds issued by the Bank under the MTN programme are listed on the Singapore Stock Exchange. The Bank has paid the listing fees to the said Stock Exchanges for the current financial year.

### **Amendment to Articles of Association (AOA) of the Bank**

The Shareholders of the Bank had by means of a special resolution passed on 10<sup>th</sup> May 2016, through Postal Ballot approved the amendments to the relevant provisions of the Articles of Association (AOA) of the Bank. The new AOA of the Bank which has come into effect from 10<sup>th</sup> May 2016, is in compliance with the relevant provisions of the Companies Act, 2013, Rules made thereunder, the Banking Regulation Act, 1949, the Guidelines issued by the Reserve Bank of India from time to time and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations), including any statutory amendment(s), modification(s), variation or re-enactment thereof.

In terms of the new AOA, SUUTI and LIC has the power to nominate one director each on the Board of the Bank and the Board would have the authority to appoint the Non-Executive Chairman of the Bank.

### **Application to the Foreign Investment Promotion Board (FIPB) for increase in the foreign investment limits**

In terms of the Consolidated Foreign Direct Investment (FDI) Policy, the FIPB, Department of Economic Affairs, Ministry of Finance, New Delhi had granted its approval to the Bank to increase the overall foreign investment limit from 49% to 62% of its total paid up share capital, subject to the condition that the aggregate investments of Foreign Institutional Investors (FIIs) in the Bank does not exceed 49% of its total paid up share capital, subject to compliance with other applicable laws.

The Ministry of Commerce and Industry, Government of India vide Press Note No. 12 (2015 Series) dated 24<sup>th</sup> November 2015 reviewed and amended the said FDI Policy on various sectors including the Private Sector Banks. The permissible limits of foreign investment in Private Sector Banks was increased to 74% of their total paid up share capital on a fully fungible basis, subject to the limits prescribed in amended Clause 6.2.18.2.2.4 (i) of the revised FDI Policy.

Accordingly, the Bank had sought the approval of the FIPB to increase the foreign investment limit from 62% to 74% of its total paid up share capital on a fully fungible basis, subject to the limits prescribed in amended Clause 6.2.18.2.2.4 (i) of the revised FDI Policy.

As on 31<sup>st</sup> March 2016, the total foreign investment in the Bank was 44.61% of its total paid up share capital. The said increase in foreign investment limit would enable the Bank to enhance Shareholders value and provide flexibility to the Bank to raise long term capital from foreign investors, subject to compliance with the revised FDI Policy.

## **DIRECTORS' REPORT (CONT.)**

The said application made by the Bank seeking to increase the foreign investment limit from 62% to 74% of its total paid up share capital on a fully fungible basis, has been recommended by the FIPB for the approval of the Cabinet Committee on Economic Affairs (CCEA).

### **Dividend**

The Diluted Earnings Per Share (EPS) of the Bank for the financial year 2015-16 has risen to ₹34.40 from ₹30.85 per equity share of ₹2 each in the previous year. In view of the overall performance of the Bank and with the objective of rewarding the Shareholders of the Bank with cash dividends while retaining capital to maintain a healthy capital adequacy ratio to support future growth, the Board of Directors of the Bank at its Meeting held on 26<sup>th</sup> April 2016, recommended a dividend of ₹5.00 per equity share of ₹2 each for the financial year 2015-16, as compared to ₹4.60 per equity share of ₹2 each, for the financial year 2014-15. The said increase reflects our confidence in the Bank's ability to consistently grow earnings over time.

### **Closure of Share Transfer Books and Record Date for Dividend**

The Register of Members and the Share Transfer Books of the Bank will be closed from Saturday, 9<sup>th</sup> July 2016 to Friday, 22<sup>nd</sup> July 2016 (both days inclusive) for the purpose of the 22<sup>nd</sup> Annual General Meeting of the Shareholders of the Bank to be held on Friday, 22<sup>nd</sup> July 2016 and for determining the entitlement to dividend, if any, declared by the Bank for the financial year ended 31<sup>st</sup> March 2016.

The Record Date for payment of the said dividend, if approved by the Members at the 22<sup>nd</sup> Annual General Meeting, has been fixed on Friday, 8<sup>th</sup> July 2016. The said dividend shall be paid to those Members whose name appears on the Register of Members of the Bank/ the Statements of Beneficial Ownership as received from the Depositories, as at the close of business hours on Friday, 8<sup>th</sup> July 2016.

### **Ratings of various Debt Instruments**

The Unsecured Redeemable Non Convertible Debentures issued by the Bank, on a private placement basis, during the financial year 2015-16, were rated "AAA" by CRISIL, CARE and ICRA.

The Bonds issued by the Bank under the MTN programme, during the financial year 2015-16, were rated "AAA" by CRISIL, CARE and ICRA.

### **Board of Directors**

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

Smt. Shikha Sharma was re-appointed as the Managing Director and CEO of the Bank for a further period of three years with effect from 1<sup>st</sup> June 2015 upto 31<sup>st</sup> May 2018, in terms of the approval granted by the Reserve Bank of India (RBI) and the Shareholders of the Bank at the last Annual General Meeting held on 24<sup>th</sup> July 2015.

Smt. Irene Vittal resigned as an Independent Director of the Bank, with effect from the close of business hours on 23<sup>rd</sup> August 2015. The Board places on record its appreciation for the contributions made by Smt. Irene Vittal during her tenure as an Independent Director of the Bank.

At the meeting of the Board of Directors held on 24<sup>th</sup> July 2015, Shri V. Srinivasan was re-appointed as the Executive Director & Head (Corporate Banking) of the Bank for a period of 3 years, with effect from 15<sup>th</sup> October 2015 to 14<sup>th</sup> October 2018, subject to the approval of the RBI and the Shareholders of the Bank. Thereafter, at the meeting of the Board of Directors held on 27<sup>th</sup> October 2015, the Board re-designated Shri V. Srinivasan as the Deputy Managing Director of the Bank with effect from 15<sup>th</sup> October 2015, subject to the approval of the RBI and Shareholders of the Bank. However, in terms of the approval granted by the RBI, Shri V. Srinivasan took charge as the 'Deputy Managing Director' of the Bank, for a period of 3 years, with effect from 21<sup>st</sup> December 2015. The approval of Shareholders of the Bank, will be obtained at the 22<sup>nd</sup> Annual General Meeting to be held on 22<sup>nd</sup> July 2016. In order to comply with the provisions of Section 152 of the Companies Act, 2013, Shri V. Srinivasan will retire by rotation at the 22<sup>nd</sup> Annual General Meeting and being eligible has offered himself for re-appointment.

Shri Rakesh Makhija was appointed as an Independent Director of the Bank, for a period of five consecutive years, with effect from 27<sup>th</sup> October 2015, subject to the approval of the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting of the Bank. During the said tenure, Shri Rakesh Makhija shall not be liable to retire by rotation.

Smt. Ketaki Bhagwati was appointed as an Independent Director of the Bank, for a period of five consecutive years, with effect from 19<sup>th</sup> January 2016, subject to the approval of the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting of the Bank. During the said tenure, Smt. Ketaki Bhagwati shall not be liable to retire by rotation.

Shri Prasad R. Menon was re-appointed as an Independent Director of the Bank for his second term, with effect from 23<sup>rd</sup> January 2016 up to 8<sup>th</sup> October 2018 (both days inclusive). The approval of the Shareholders of the Bank was obtained through Postal Ballot on 22<sup>nd</sup> December 2015. During the said tenure, Shri Prasad R. Menon shall not be liable to retire by rotation.

Shri K. N. Prithviraj, (Nominee of SUUTI) ceased to be the Non-Executive Director of the Bank, with effect from the close of business hours on 8<sup>th</sup> January 2016. The Board places on record its appreciation for the contributions made by Shri K. N. Prithviraj during his tenure as the Non-Executive Director of the Bank.

Shri B. Babu Rao, (Nominee of SUUTI) was appointed as a Non-Executive Director of the Bank, liable to retire by rotation, with effect from 19<sup>th</sup> January 2016, subject to the approval of the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting of the Bank.

The tenure of Dr. Sanjiv Misra, (Nominee of SUUTI) as the Non-Executive Chairman of the Bank, ended on 7<sup>th</sup> March 2016. In terms of SUUTI's letter dated 8<sup>th</sup> March 2016, the Board of Directors of the Bank re-appointed Dr. Sanjiv Misra as the Non-Executive Chairman of the Bank, for a period of three months, with effect from 8<sup>th</sup> March 2016, subject to the approval of the RBI and the Shareholders of the Bank. However, in terms of the approval granted by the RBI, the said re-appointment was approved for a period of three months, with effect from 11<sup>th</sup> March 2016. The approval of the Shareholders of the Bank was obtained through Postal Ballot on 10<sup>th</sup> May 2016.

Shri Sanjeev Kumar Gupta, Executive Director (Corporate Centre) of the Bank retired from the services of the Bank, with effect from the close of business hours on 18<sup>th</sup> March 2016. The Board places on record its deep appreciation and gratitude for the valuable services rendered by Shri Sanjeev Kumar Gupta during his tenure as an Employee / Executive Director of the Bank.

Apart from the above, no other Director was appointed or has resigned or has retired during the financial year 2015-16.

Pursuant to the amendments to the AOA of the Bank, the right of nomination available to SUUTI to nominate the Chairman of the Bank got rescinded. In view of the above, Dr. Sanjiv Misra resigned as the Non-Executive Chairman of the Bank (as a nominee of SUUTI), with effect from 11<sup>th</sup> May 2016.

Thereafter, in terms of the new Article 90 of the AOA of the Bank, the Board of Directors at its meeting held on 12<sup>th</sup> May 2016 appointed Dr. Sanjiv Misra as an Independent Director and as the Non-Executive (Part-time) Chairman of the Bank, for a period of five consecutive years, with effect from 12<sup>th</sup> May 2016, subject to the approval of the RBI and the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting of the Bank.

Shri Rajiv Anand, Group Executive (Retail Banking) of the Bank was appointed as the Director of the Bank and as the Wholetime Director designated as the 'Executive Director (Retail Banking)' of the Bank, for a period of three years, with effect from 12<sup>th</sup> May 2016, subject to the approval of the RBI and the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting of the Bank. During the said tenure, Shri Rajiv Anand shall be liable to retire by rotation.

Shri Rajesh Dahiya, Group Executive & Head (Corporate Centre) of the Bank was appointed as the Director of the Bank and as the Wholetime Director designated as the 'Executive Director (Corporate Centre)' of the Bank, for a period of three years, with effect from 12<sup>th</sup> May 2016, subject to the approval of the RBI and the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting of the Bank. During the said tenure, Shri Rajesh Dahiya shall be liable to retire by rotation.

The above appointments were made after taking into consideration the experience, knowledge, skills and expertise that the said persons would bring to the Board and the requirements as prescribed under Section 10A of the Banking Regulation Act, 1949.

The ordinary resolutions in respect of the Directors who are to be appointed/ re-appointed, as aforesaid, have been included in the Notice convening the 22<sup>nd</sup> Annual General Meeting of the Bank to be held on 22<sup>nd</sup> July 2016. A brief profile of the said Directors have been annexed to the said Notice.

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

The appointment of Directors of the Bank are done in accordance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Banking Regulation Act, 1949, the Guidelines issued by the RBI, in this regard, from time to time and the Listing Regulations.

The Bank adheres to the process and methodology prescribed by the RBI in respect of 'Fit & Proper' criteria as applicable to Private Sector Banks, signing of deed of covenants which binds the Directors to discharge their responsibilities to the best of their abilities, individually and collectively in order to be eligible to be appointed as a Director of a Bank. The prescribed declarations given by the Directors other than members of the Nomination & Remuneration Committee (NRC) are placed before the NRC and the declarations given by the Members of the NRC are placed before the Board, for its review and noting. The said declarations from the Directors are obtained at the time of their appointment / re-appointment in compliance with the said laws. Assessment on whether the Directors fulfill the said criteria is also made by the NRC and the Board on an annual basis.

## **DIRECTORS' REPORT (CONT.)**

The Members of the NRC reviews the structure, size, composition of the Board, the regional and industry experience, track record, expertise and other relevant information and documents of the directors before making appropriate recommendations to the Board with regard to their appointment, re-appointment, remuneration and assignment of duties (nomination to various Committees of the Board) designed to enhance the Board's effectiveness. The NRC also identifies potential candidates from diverse backgrounds including but not limited to accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, small-scale industry, information technology, core industries, infrastructure sector, thus providing the Board with members who have special knowledge, practical experience and skills, to serve the business interest of the Bank.

### **Declaration of Independence**

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

### **Key Managerial Personnel**

Shri Jairam Sridharan was appointed as the Chief Financial Officer (CFO) of the Bank, with effect from 28<sup>th</sup> October 2015, in place of Shri Sanjeev Kumar Gupta, Executive Director (Corporate Centre) of the Bank who had stepped down as the CFO of the Bank. Currently, Shri Jairam Sridharan is designated as the 'Group Executive & CFO' of the Bank.

Shri Girish V. Koliyote was appointed as the Company Secretary of the Bank, with effect from 1<sup>st</sup> May 2015, in place of Shri Sanjeev Kapoor who had resigned as the Company Secretary of the Bank, with effect from the close of business hours on 30<sup>th</sup> April 2015.

### **Board Evaluation**

The Board has conducted annual evaluation of the performance of all its Directors, Committees of the Board and that of its Non-Executive Chairman, in terms of the relevant provisions of the Companies Act, 2013, the Rules made thereunder and the Listing Regulations.

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

### **Meetings**

The schedule of the meetings of the Board and the Committees thereof for the next financial year is circulated well in advance to all the Members of the Board, for their consideration and approval. During the year, 5 meetings of the Board of Directors of the Bank were held and the gap between the said meetings did not exceed the limit of 120 days, as prescribed under the relevant provisions of the Companies Act, 2013, the Rules made thereunder and the Listing Regulations.

### **Audit Committee**

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

### **Remuneration Policy**

The Bank has formulated and adopted a Remuneration Policy for its Directors, Key Managerial Personnel and other Employees, in terms of Section 178 of the Companies Act, 2013, the Rules made thereunder and the Listing Regulations. The details of the Remuneration Policy have been disclosed in the Report on Corporate Governance, which is forming part of this report.

### **Whistle Blower Policy and Vigil Mechanism**

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

### **Subsidiaries**

As on 31<sup>st</sup> March 2016, the Bank has the following nine unlisted subsidiary companies:

- i) Axis Asset Management Company Ltd. undertakes the activities of managing the mutual fund business.
- ii) Axis Bank UK Ltd. is the banking subsidiary of the Bank in the United Kingdom and undertakes the activities of banking.
- iii) Axis Capital Ltd. provides services relating to investment banking, equity capital markets, institutional stock broking, mergers and acquisition advisory, etc.

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

During the financial year 2015-16, the Bank acquired the entire share capital of Axis Securities Europe Ltd., its step-down subsidiary company, at a consideration of ₹19.02 crores from Axis Capital Ltd., a wholly owned subsidiary of the Bank. Accordingly, Axis Securities Europe Ltd. became a wholly owned subsidiary company of the Bank, with effect from 19<sup>th</sup> August 2015.

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

In accordance with third proviso to Section 136(1) of the Companies Act, 2013, the Annual Report of the Bank, containing therein its standalone and the consolidated financial statements has been hosted on its website [www.axisbank.com](http://www.axisbank.com). Further, as per fourth proviso to the said section, the audited annual accounts of each of the said subsidiary companies of the Bank have also been hosted on the Bank's website [www.axisbank.com](http://www.axisbank.com).

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

### **Related Party Transactions**

All related party transactions entered into during the financial year were on an arm's length basis and in the ordinary course of the business of the Bank. Accordingly AOC-2 is not applicable to the Bank. All related party transactions are placed before the Audit Committee of the Board of Directors (ACB) for its approval. Prior omnibus approval of the Audit Committee of the Board is obtained for the transactions, which are of foreseen and repetitive nature. A statement giving details of all related party transactions, entered pursuant to the omnibus approval so granted, is placed before the ACB for their review on a quarterly basis. The Bank has developed a Standard Operating Procedure for the purpose of identifying and monitoring such transactions. The policy on Related Party Transactions as approved by the Board at its meeting held on 19<sup>th</sup> January 2016 has been hosted on the Bank's website. During the year under reference, the Bank has not entered into any transaction with any related party, which may be deemed to be material, in terms of explanation to Regulation 23 of the Listing Regulations.

The Ministry of Corporate Affairs (MCA) vide its notification dated 25<sup>th</sup> May 2015 had empowered the ACB to grant omnibus approval for related party transactions on an annual basis, in line with the Listing Regulations. Further, the MCA vide its notifications dated 14<sup>th</sup> December 2015 had provided that the Board of Directors should approve the criteria based on which the ACB could accord such omnibus approval. Accordingly, the criteria to be considered by ACB for granting such omnibus approval was approved by the Board of Directors of the Bank at its meeting held on 19<sup>th</sup> January 2016.

### **Employee Stock Option Plan (ESOP)**

Since the financial year 2000-01, the Bank has formulated and adopted several Employee Stock Option Schemes (ESOS), in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended, from time to time. The objective of the said ESOS is to enhance employee motivation, enable employees to participate, directly or indirectly, in the long-term growth and financial success of the Bank, to act as a retention mechanism by enabling employee participation in the business as an active stakeholder and to usher in an 'owner-manager' culture.

## **DIRECTORS' REPORT (CONT.)**

Under the said ESOS, upto 240,087,000 options can be granted to the eligible Directors / Employees of the Bank and that of its subsidiary companies. The eligibility and number of options to be granted to the eligible Directors / Employees is determined on the basis of their performance and such other criteria as may be approved by the NRC / Board of Directors of the Bank, from time to time.

During the period from February 2001 to July 2013, the Shareholders of the Bank had approved the grant of stock options to the eligible Directors / Employees of the Bank and that of its subsidiary companies as aforesaid on six occasions. Under the first two Schemes and in respect of the grants made upto 29<sup>th</sup> April 2004, the option conversion price was set at the average daily high-low price of the Bank's equity shares traded during the 52 weeks preceding the date of grant at the Stock Exchange which had the maximum trading volume of the Bank's equity share during that period. Under the third and subsequent Schemes and with effect from the grants made by the Bank on 10<sup>th</sup> June 2005 and thereafter, the pricing formula has been changed to the latest available closing price of the equity shares of the Stock Exchange recording higher trading volume, on the day prior to the date of grant.

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

Since 24<sup>th</sup> February 2001 upto 10<sup>th</sup> September 2015, the NRC / Board, had out of the 240,087,000 options, approved the grant of 239,119,950 options in terms of the various Schemes. The said options are non-transferable and vest at rates of 30%, 30% and 40% on each of three successive anniversaries following the date of respective grant, subject to standard vesting conditions. The said options are required to be exercised by the concerned Directors / Employees of the Bank and that of its Subsidiary Companies, within a period of three / five years, from the date of its respective vesting.

As of 31<sup>st</sup> March 2016, out of the said 239,119,950 options so granted, 198,869,586 options had been vested and exercised, 15,670,500 options had been unvested and 24,579,864 options had been treated as lapsed/cancelled.

Other statutory disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 have been hosted on the website of the Bank, [http://www.axisbank.com/download/other\\_statutory\\_disclosures.pdf](http://www.axisbank.com/download/other_statutory_disclosures.pdf).

### **Corporate Governance**

The Listing Regulations which was notified by the Securities and Exchange Board of India on 2<sup>nd</sup> September 2015 has replaced the erstwhile Clause 49 of the Listing Agreement, with effect from 1<sup>st</sup> December 2015.

The Bank is committed to achieve the highest standards of Corporate Governance and it constantly benchmarks itself with best practices in this regard. The Report on Corporate Governance for the financial year 2015-2016 along with a Certificate from the Statutory Auditors of the Bank confirming compliance with the conditions relating to Corporate Governance as stipulated under Chapter IV of the Listing Regulations, is forming part of this report. The Corporate Governance framework of the Bank incorporates all the mandatory requirements set out in the Listing Regulations.

### **Directors' Responsibility Statement**

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

- a. That in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b. That such accounting policies as mentioned in Note 18 of the Notes to accounts of the Financial Statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at 31<sup>st</sup> March 2016 and of the profit of the Bank for the year ended on that date.
- c. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- d. That the annual accounts have been prepared on a going concern basis.

- e. That internal financial controls to be followed by the Bank, were in place and that the same were adequate and were operating effectively.
- f. That proper system to ensure compliance with the provisions of all applicable laws was in place and the same were adequate and operating effectively.

### **Extract of Annual Return**

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

### **Particulars of Employees**

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

As on 31<sup>st</sup> March 2016, the Bank had 163 employees who were employed throughout the year and were in receipt of remuneration more than ₹60 lakhs per annum and 53 employees who were employed for part of the year and were in receipt of remuneration of more than ₹5 lakh per month.

In terms of Section 136 of the Companies Act, 2013, the copy of the financial statements of the Bank, including the consolidated financial statements, the auditor's report and relevant annexures to the said financial statements and reports are being sent to the Members and other persons entitled thereto, excluding the information in respect of the said employees containing the particulars as specified in Rule 5 (2) of the said Rules, which is available for inspection by the Members at its Registered Office during business hours of the Bank up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, may write to the Company Secretary of the Bank at its Registered Office. The financial statements and other reports of the Bank annexed thereto have been hosted on the website of the Bank, [www.axisbank.com](http://www.axisbank.com).

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The steps taken /impact on conservation of energy:

The Bank has always considered energy and natural resource conservation as a focus area and has been consciously making efforts towards improving the energy performance year on year. Energy efficiency improvement initiatives have been implemented across all the plants and offices by undertaking various energy and resource conservation projects for Sustainable development.

The Bank ensures strict compliance with all the statutory requirements and has taken several sustainable steps voluntarily to contribute toward better environment. Select few steps /impact are listed below:

- Implementation of solar energy of aggregate ~2.7 MW spread over select Branches/Offices.
- Implementing Energy Management System (EMS) to monitor and control energy consumption in select Branches.
- Conversion of conventional lighting to LED.
- Installed Compost Machine for converting food waste into manure at Axis House.
- Maintenance of unity power factor through 500 KVAR x 4 Nos of APFC panels in auto mode for optimum use of power at Axis House.
- Motion sensors installation for the workstations at Axis House.
- Recycle and Reuse of Food waste, Dry waste and Sewage at Axis House.
- Sewage Treatment Plant of 150 KL capacity recycles sewage water at Axis House every day.
- Use of water flow reducer to reduce the water consumption at Axis House and Gigaplex (Airoli.)
- Rain Water Harvesting at Axis House.
- Introduction of bio blocks in urinals at Select Large Facilities thereby saving flushing water.

### **Management's Discussion and Analysis Report**

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

## **DIRECTORS' REPORT (CONT.)**

### **Risk Management**

Pursuant to Regulation 21 of the Listing Regulations, the Bank has already constituted the Risk Management Committee of the Board of Directors. The details of the said Committee and its terms of reference are set out in the Report on Corporate Governance, which is forming part of this report.

The Bank has formulated and adopted a robust Risk Management Framework. Whilst the Board is responsible for framing, implementing and monitoring the said Risk Management Framework, it has delegated its powers relating to monitoring and reviewing of risk associated with the business of the Bank to the said Committee. The details of the Risk Management Framework and issues related thereto have been explained in the Management's Discussion and Analysis Report, which is annexed to this report.

### **Business Responsibility Report**

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

### **Particulars of Loans, Guarantees and Investments**

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

### **Corporate Social Responsibility**

The Bank has constituted the Corporate Social Responsibility (CSR) Committee of the Board of Directors, in accordance with the provisions of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility) Rules, 2014, as amended.

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

### **Statutory Auditors**

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

In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the Statutory Auditors is required to be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, as Statutory Auditors of the Bank for the financial year 2016-17, is placed for ratification by the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting.

As recommended by the ACB, the Board of Directors has proposed the ratification of appointment of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, as Statutory Auditors of the Bank for the financial year 2016-17 for the approval of the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting. The Shareholders are requested to ratify the said appointment of the Statutory Auditors and payment of remuneration, as approved by the ACB.

In this regard, the Bank has received a certificate from the Statutory Auditors to the effect that the ratification of their appointment, if made, would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

As required under Regulation 33(1)(d) of the Listing Regulations, the Statutory Auditors have confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and that they hold a valid certificate issued by the Peer Review Board of ICAI.

There are no qualifications, reservations or adverse remarks made by M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Bank, in their report.

### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed M/s. BNP & Associates, Company Secretaries, Mumbai as the Secretarial Auditor of the Bank to conduct secretarial audit.

The secretarial audit of the Bank has been conducted on a concurrent basis in respect of the matters as set out in the said Rules and have been provided in the Secretarial Audit Report for the financial year 2015-16, which is given as an annexure to this report.

There are no qualifications, reservations or adverse remarks made by M/s. BNP & Associates, Company Secretaries, Secretarial Auditor of the Bank in their report.

### **Significant and Material Order Passed by Regulators or Courts or Tribunals Impacting the Going Concern Status and Operations of the Bank**

During the financial year 2015-16, no significant or material orders were passed by any Regulator, Court or Tribunal against the Bank, which could impact its going concern status and operations.

### **Adequacy of Internal Financial Controls Related to Financial Statements**

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

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

### **CEO & CFO Certification**

Certificate issued by Smt. Shikha Sharma, Managing Director & CEO and Shri Jairam Sridharan, CFO of the Bank, for the financial year under review, was placed before the Board of Directors at its meeting held on 26<sup>th</sup> April 2016, in terms of Regulation 17(8) of the Listing Regulations.

### **Acknowledgements**

The Board of Directors places on record its gratitude to the RBI, FIPB, MCA, SEBI, other government and regulatory authorities, financial institutions, stock exchanges, registrar and share transfer agent, debenture trustees, depositories and correspondent banks for their strong support and guidance. The Board acknowledges the support of the Shareholders and also places on record its sincere thanks to its valued clients and customers for their continued patronage. The Board also expresses its deep sense of appreciation to all the employees of the Bank for their strong work ethic, excellent performance, professionalism, teamwork, commitment and initiative, which has led to the Bank making commendable progress in today's challenging environment.

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

Place : Mumbai  
Date : 12<sup>th</sup> May 2016

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Macro-Economic Environment

After a period of intermittent volatility in global financial markets since early 2016, mainly due to heightened concerns of China's economic and financial vulnerability, global markets have reverted to a risk on environment, with increasing capital flows into Emerging Market (EM). This optimism was partially contributed by commodities prices having also gone up, with crude prices up 42% from the lowest levels in January 2016.

India's macro fundamentals remain robust, due both to the drop in commodities prices, particularly oil, but also the result of strong policy measures from the union government. The fundamentals compare favourably with most of India's EM peers. The current account deficit improved from 4.8% of GDP in FY13 down to an estimated less than 1.5% of GDP in FY16.

The Union Budget for FY17 also adhered to the announced path of consolidation, signalling a stance of fiscal rectitude, which has also improved offshore investor sentiment. The fiscal deficit of the union government has improved from 5.9% of GDP in FY12 down to 3.9% in FY16, and is budgeted at 3.5% in FY17. The Government's earlier policy reform initiatives to decontrol diesel prices and focus on moving towards a direct transfer to beneficiary model (especially for LPG etc.), has started yielding results and created space for coordinated stimulus with monetary policy.

However, given the various constraints due to balance sheet impairments etc., these measures still have not completely translated into improved economic activity. This also is due to the fall in export activity, weak agriculture on the back of two straight years of deficient rainfall. Thus rural demand has remained weak and all of this has served to offset the very modest industrial growth and services sector recovery.

Private sector capex remains weak due to continuing bottlenecks for many stranded projects, highly leveraged balance sheets and weak sales growth of corporates. Capacity utilization levels are still low, with RBI surveys indicating levels of 72.5%. Cash flows of companies have improved somewhat but interest coverage ratios still remain low. Again, NPA levels of the banking system remains high. Hence, all of these factors have contributed to weak economic activity witnessed so far. On corporate leverage the silver lining is that high debt is concentrated in only a few sectors, the balance sheets of the other segments and sectors remain relatively robust.

Credit growth from banks has improved slightly over the last few months of fiscal 2016 from lows of sub 10% to end fiscal year 2016 at 10.3%. With lower commodity prices and improved cash flows, demand for working capital has come down significantly. Moreover, with higher differentials of interest rates between banks and other intermediaries, there had been some diversion of credit demand away from banks towards other intermediaries for most part of fiscal 2016.

## Prospects for Fiscal 2017

There are signs of a gradual recovery in economic activity in India, despite continuing headwinds from weak exports and the agriculture sector. However, global financial markets seem to have stabilised, even if transiently. The Rupee has remained stable, and foreign capital flows have started returning to India. Initial forecasts indicate normal or even better rains in 2016. This, together with the Centre's responsible fiscal stance, has increased room for RBI to further cut rates.

The order books of companies executing Government EPC and other contracts are witnessing inflows, indicating that manufacturing growth might show some recovery during FY17. Gross Value Added (GVA) growth is expected to improve from 7.4% in FY16 moderately to ~7.7% in FY17, with an upward bias if the monsoon is indeed normal. Most of the increase is likely to arise from higher consumption, with capex spends still likely to be moderate. Excluding impact of 7<sup>th</sup> Pay Commission, CPI inflation is expected to average around 5.1% in FY17 (RBI estimate at ~5%), slightly higher than 4.9% in FY16.

Market liquidity conditions are likely to be better in FY17, especially due to the revised RBI Liquidity Management Framework. Given this outlook, credit offtake from banks is expected to increase modestly to ~11%, both due to higher capex requirement as well as banks gaining market share that they had lost to other market intermediaries.

## Overview Of Financial Performance

### Operating performance

Particulars	2015-16	2014-15	(₹ in crores) % change
Net interest income	16,832.97	14,224.14	18.34
Non-interest income	9,371.46	8,365.04	12.03
<b>Operative revenue</b>	<b>26,204.43</b>	<b>22,589.18</b>	<b>16.00</b>
Operating expenses	10,100.82	9,203.74	9.75
<b>Operating profit</b>	<b>16,103.61</b>	<b>13,385.44</b>	<b>20.31</b>
Provisions and contingencies	3,709.86	2,328.61	59.32
<b>Profit before tax</b>	<b>12,393.75</b>	<b>11,056.83</b>	<b>12.09</b>
Provision for tax	4,170.09	3,699.01	12.74
<b>Net profit</b>	<b>8,223.66</b>	<b>7,357.82</b>	<b>11.77</b>

Net profit for the year ended 31 March, 2016 was ₹8,223.66 crores, increased by 11.77% over the net profit of ₹7,357.82 crores last year. Operating profit reported a healthy growth of 20.31% at ₹16,103.61 crores over the previous year mainly due to higher operating revenue growth of 16.00% compared to operating expenses growth of 9.75%.

Operating revenue over the same period increased by 16.00% to ₹26,204.43 crores driven by healthy growth in the Bank's core income streams: net interest income (NII) and fees. NII rose 18.34% from ₹14,224.14 crores in fiscal 2015 to ₹16,832.97 crores in fiscal 2016. Growth in Non-interest income consisting of fee, trading and other income was moderate at 12.03% from ₹8,365.04 crores in fiscal 2015 to ₹9,371.46 crores in fiscal 2016. Fee income increased by 0.67% from ₹6,778.98 crores in fiscal 2015 to ₹7,501.97 crores in fiscal 2016.

Growth in operating expenses was well controlled and rose 9.75% from ₹9,203.74 crores in fiscal 2015 to ₹10,100.82 crores in fiscal 2016. The key drivers of operating expense growth were increase in employee expense, administrative & occupancy cost and other expenses. Healthy operating revenues and moderate cost growth enabled the Bank's operating profit grow by 20.31% to ₹16,103.61 crores from ₹13,385.44 crores reported last year. Provisions and contingencies jumped 59.32% from ₹2,328.61 crores in fiscal 2015 to ₹3,709.86 crores in fiscal 2016. Consequently, profit before taxes grew by 12.09% to ₹12,393.75 crores and net profit increased by 11.77% to ₹8,223.66 crores from ₹7,357.82 crores last year.

### Net interest income

Particulars	2015-16	2014-15	(₹ in crores) % change
Interest on loans	30,040.56	25,867.82	16.13
Interest on investments	9,377.59	8,447.75	11.01
Other interest income	1,569.89	1,163.03	34.98
<b>Interest income</b>	<b>40,988.04</b>	<b>35,478.60</b>	<b>15.53</b>
Interest on deposits	18,540.21	17,136.81	8.19
Other interest expense	5,614.86	4,117.65	36.36
<b>Interest expense</b>	<b>24,155.07</b>	<b>21,254.46</b>	<b>13.65</b>
<b>Net interest income</b>	<b>16,832.97</b>	<b>14,224.14</b>	<b>18.34</b>
Average interest earning assets <sup>1</sup>	431,873	363,186	18.91
Average CASA <sup>1</sup>	122,989	107,328	14.59
Net interest margin	3.90%	3.92%	-

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Particulars	2015-16	2014-15	(₹ in crores) % change
Yield on assets	9.37%	9.63%	-
Yield on advances	10.10%	10.60%	-
Yield on investments	8.22%	8.13%	-
Cost of funds	5.94%	6.21%	-
Cost of deposits	6.01%	6.31%	-

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

NII constituted 64% of the operating revenue, and increased by 18.34% from ₹14,224.14 crores in fiscal 2015 to ₹16,832.97 crores in fiscal 2016. The increase is primarily due to an increase in average interest earning assets on a daily average basis by 18.91%, as NIM during the fiscal year 2016 was broadly stable at 3.90%. The NIM was largely stable, mainly due to the fact that the Bank's moderation in yield on earning assets of 26 basis points (bps) was matched by similar decline of 27 bps in cost of funds.

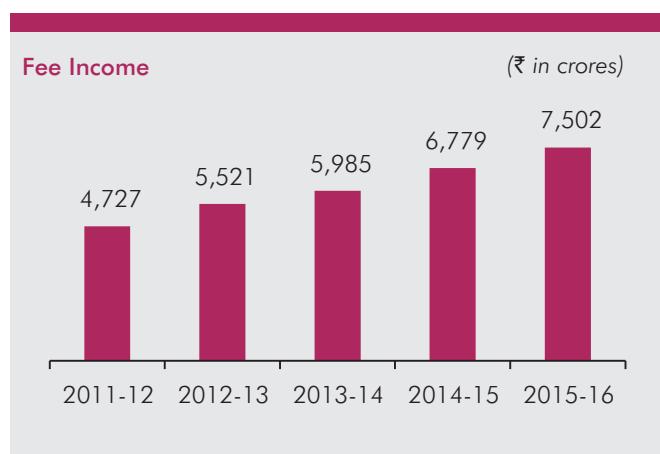
During this period, the yield on earning assets decreased from 9.63% last year to 9.37%. The yield on advances declined by 50 bps from 10.60% in fiscal 2015 to 10.10% in fiscal 2016 as the Bank reduced its Base Rate by 65 bps over the last fiscal year. Cost of funds also moderated by 27 bps from 6.21% in fiscal 2015 to 5.94% in fiscal 2016. The decline was primarily driven by moderation in the cost of term deposits and further aided by the Bank's continued focus on CASA. During the year, the cost of deposits decreased to 6.01% from 6.31% last year, primarily due to a decrease in cost of term deposits by 46 bps to 8.21% from 8.67% last year. During the year, CASA deposits, on a daily average basis, reported a healthy increase of 14.59% to ₹122,989 crores from ₹107,328 crores last year.

### Non-interest income

Particulars	2015-16	2014-15	(₹ in crores) % change
Fee income	7,501.97	6,778.98	10.67
Trading profit	1,246.91	1,134.94	9.87
Miscellaneous income	622.58	451.12	38.01
<b>Non-interest income</b>	<b>9,371.46</b>	<b>8,365.04</b>	<b>12.03</b>

Non-interest income comprising fees, trading profit and miscellaneous income increased by 12.03% to ₹9,371.46 crores in fiscal 2016 from ₹8,365.04 crores last year and constituted 36% of the operating revenue of the Bank.

The Bank earns fee income from a diverse set of products and businesses. The processing fees on retail assets, commissions on card spends, service charges on liability accounts, fee income from the distribution of third-party personal investment products are typically generated from retail banking businesses. While on the wholesale banking side fees are generated from client-based merchant foreign exchange trade, transaction banking (including cash management services), syndication and placement fees, processing fees from loans and commission on non-funded products (such as letters of credit and bank guarantees).



Fee income increased by 10.67% to ₹7,501.97 crores from ₹6,778.98 crores last year and continues to remain a significant part of the Bank's non-interest income. It constituted 80% of non-interest income and contributed 29% of operating revenue. Fee profile remains very well diversified with 40% from retail banking, 26% from corporate banking and balance contributed by treasury, transaction banking and SME segments. A key factor for the slower growth in fee income has been the slowdown in corporate banking fees due to lack of fresh new investments and projects being undertaken in the broader economy.

During the year, proprietary trading profits increased by 9.87% to ₹1,246.91 crores from ₹1,134.94 crores last year. This also includes gains of ₹118.58 crores compared to ₹84.49 crores in the last year, resulting from a partial stake sale in Max Life Insurance Company.

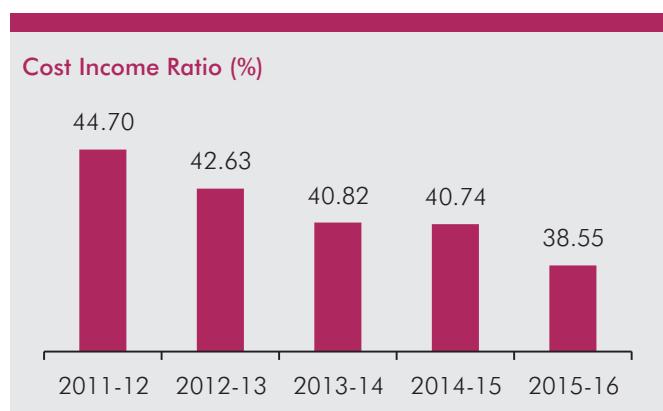
The Bank's miscellaneous income was higher at ₹622.58 crores compared to ₹451.12 crores, mainly due to higher dividends of ₹139.75 crores received from subsidiaries compared to ₹33.81 crores in the last year and ₹244.88 crores of higher exchange gains realised from repatriation of profits from the Bank's foreign branches, compared to ₹186.16 crores in the last year.

### Operating revenue

The operating revenue of the Bank increased by 16.00% to ₹26,204.43 crores from ₹22,589.18 crores last year. The core income streams (NII and fees) now constitute 93% of the operating revenue, reflecting the stability of the Bank's earnings.

### Operating expenses

Particulars	2015-16	2014-15	% change
Staff cost	3,376.01	3,114.97	8.38
Depreciation	443.91	405.67	9.43
Other operating expenses	6,280.90	5,683.10	10.52
<b>Operating expenses</b>	<b>10,100.82</b>	<b>9,203.74</b>	<b>9.75</b>
<b>Cost : Income Ratio</b>	<b>38.55%</b>	<b>40.74%</b>	<b>-</b>



The Bank continued to focus on reducing transaction costs besides ensuring improvement in operations and productivity. The operating expenses increased by 9.75% to ₹10,100.82 crores from ₹9,203.74 crores last year. The increase in operating expenses was largely due to the growth of the Bank's network and other infrastructure required for supporting the existing and new businesses. The Cost to Income ratio of the Bank was 38.55% compared to 40.74% last year.

Staff cost increased by 8.38%, from ₹3,114.97 crores in fiscal 2015 to ₹3,376.01 crores in fiscal 2016. The increase was due to a combination of increase in average salary levels and headcounts over the period. Depreciation increased by 9.43%, from ₹405.67 crores in fiscal 2015 to ₹443.91 crores in fiscal 2016 primarily

Other operating expenses increased by 10.52%, from ₹5,683.10

crores in fiscal 2015 to ₹6,280.90 crores in fiscal 2016. The increase is primarily due to an increase in network expansion and expenses related to increase in general business volumes. The Bank added 315 new branches during fiscal 2016 compared to 187 branches in the previous year.

### Operating profit

During the year, the operating profit of the Bank saw a healthy increase of 20.31% to ₹16,103.61 crores from ₹13,385.44 crores last year, mainly due to higher operating revenue growth of 16.00% compared to operating expenses growth of 9.75%.

### Provisions and contingencies

Particulars	2015-16	2014-15	% change
Provision for non-performing assets	3,800.46	1,788.61	112.48
Provision for restructured assets/strategic debt restructuring	(61.78)	(81.88)	-
Provision for standard assets including unhedged foreign currency exposure	388.62	423.88	(8.32)
Provision for depreciation in value of investments	84.01	(50.98)	-
Provision for other contingencies	(501.45)	248.98	-
<b>Provisions and contingencies</b>	<b>3,709.86</b>	<b>2,328.61</b>	<b>59.32</b>

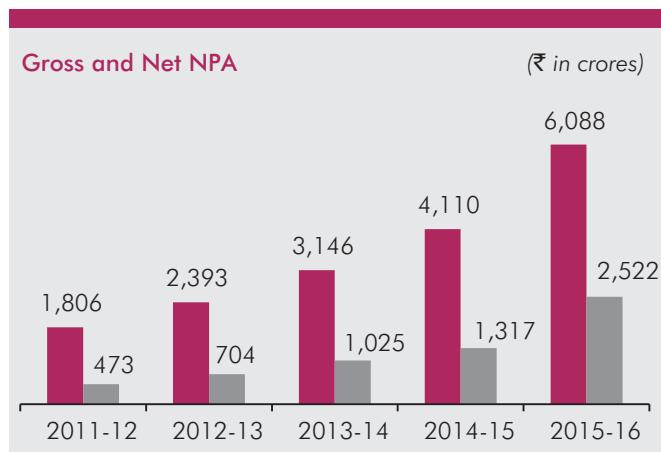
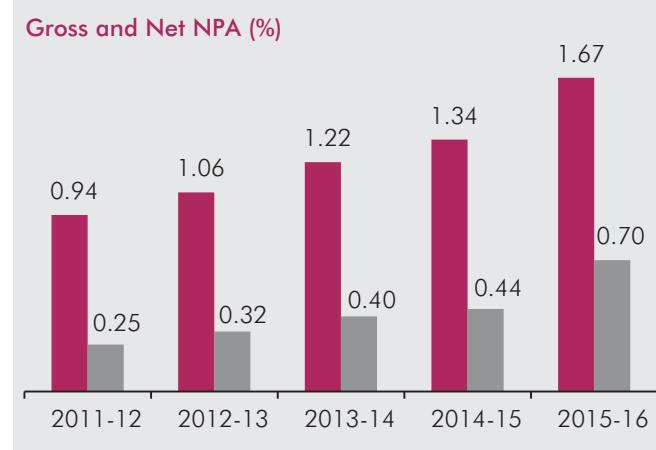
During fiscal 2016, the Bank created total provisions (excluding provisions for tax) of ₹3,709.86 crores compared to ₹2,328.61 crores last year. The Bank provided ₹3,800.46 crores towards non-performing assets compared to ₹1,788.61 crores last year and ₹388.62 crores towards provision for standard assets including unhedged foreign currency exposure compared to ₹423.88 crores last year. During the year, there was a write-back in provisions against restructured assets (net of provision for strategic debt restructuring) of ₹61.78 crores compared to a write-back of ₹81.88 crores last year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

The opening balance of contingent provision against advances and other exposures as at the beginning of the year was ₹1,000 crores. During the year, the Bank created contingent provision of ₹550 crores and also utilised contingent provision of ₹1,070 crores. As on 31 March, 2016, the Bank had outstanding contingent provision balance of ₹480 crores. Including the utilisation of contingent provisions, credit costs for fiscal 2016 stood at 111 bps. Excluding the utilisation of contingent provisions, credit costs for fiscal 2016 stood at 96 bps.

### Asset Quality Parameters

During the year the Bank added ₹7,345 crores as fresh additions to gross NPAs and ₹5,300 crores to net NPAs after adjusting for recoveries and upgradations of ₹1,703 crores and ₹342 crores respectively. The Bank's ratio of Gross NPAs to gross customer assets stood at 1.67%, and Net NPA ratio (Net NPAs as percentage



of net customer assets) at 0.70%. With higher levels of provisions built over and above regulatory norms during the year, the Bank's provision coverage stood at 72.27% after considering prudential write-offs.

Further, addition to restructuring during the year was ₹2,267 crores, of which around ₹1,949 crores would be on account of shift in the Date of Commencement of Commercial Operations. The net restructured book stands at ₹8,072 crores and net restructured assets ratio (net restructured assets as percentage of net customer assets) was 2.25%. During the year slippages from the standard restructured book stood at ₹1,684 crores.

The book value of the assets sold by the Bank to ARCs during fiscal 2016 was ₹1,676 crores (net of provisions). The realisation consideration was settled in Security Receipts (SRs) worth ₹635 crores and cash realised worth ₹130 crores. There was net loss of ₹911 crores on such sale of which ₹826 crores was adjusted against the contingent provision balance.

### Key Ratios

Particulars	2015-16	2014-15
Basic earnings per share (₹)	34.59	31.18
Diluted earnings per share (₹)	34.40	30.85
Book value per share (₹)	223.12	188.47
Return on equity (%)	17.49%	18.57%
Return on assets (%)	1.72%	1.83%
Net interest margin (%)	3.90%	3.92%
Profit per employee (₹ lacs)	17.83	17.07
Business per employee (₹ crores)	14.84	13.71
Credit/deposit ratio (Domestic)	81.71%	74.17%
Credit/deposit ratio (Global)	94.64%	87.17%

Basic Earnings Per Share (EPS) was ₹34.59 compared to ₹31.18 last year, while the Diluted Earnings Per Share was ₹34.40 compared to ₹30.85 last year. Return on Equity (RoE) was 17.49% compared to 18.57% last year, while Book Value Per Share was ₹223.12 compared to ₹188.47 last year. Return on Assets (RoA) was 1.72% compared to 1.83% last year. Employee productivity has also improved with Profit per Employee increasing to ₹17.83 lacs from ₹17.07 lacs last year and Business per Employee increasing to ₹14.84 crores from ₹13.71 crores last year.

Credit Deposit (CD) ratio of the Bank as on 31 March, 2016 was at 94.64% with a domestic CD ratio of 81.71%. There have been certain structural changes in the liability origination capability of Indian banks in the last few years. The conventional CD ratio if derived in isolation may not present the true picture. If Infrastructure Bonds are included as part of the Bank's Deposits base as these bonds are much more cost effective and asset liability management friendly than deposits of same maturity, the domestic CD ratio is at 79.75%.

## Balance Sheet Parameters

### Assets

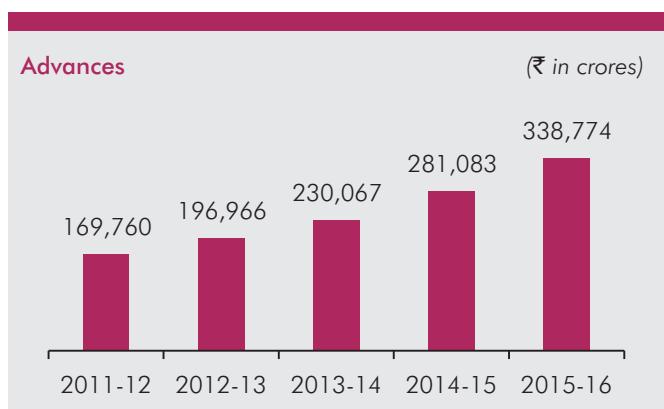
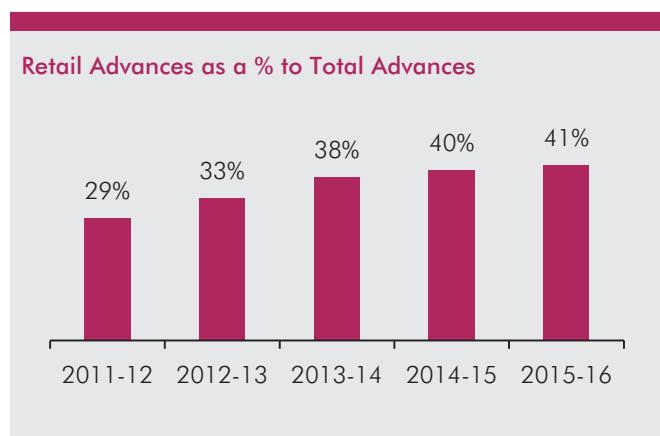
Particulars	2015-16	2014-15	(₹ in crores) % change
Cash and bank balances	33,326	36,099	(7.68)
Government securities	87,020	82,229	5.83
Other securities	34,986	35,321	(0.95)
<b>Total investments</b>	<b>122,006</b>	<b>117,550</b>	<b>3.79</b>
Corporate advances	155,384	127,644	21.73
SME advances	44,869	41,507	8.10
Retail advances	138,521	111,932	23.75
<b>Total advances</b>	<b>338,774</b>	<b>281,083</b>	<b>20.52</b>
Fixed assets	3,523	2,514	40.14
Other assets <sup>1</sup>	27,839	24,686	12.77
<b>Total assets</b>	<b>525,468</b>	<b>461,932</b>	<b>13.75</b>

<sup>1</sup> includes Priority Sector Lending deposits of ₹16,659 crores (previous year ₹14,793 crores)

The Bank displayed healthy growth in several key balance sheet parameters for the year ended 31 March, 2016. Total assets increased by 13.75% to ₹525,468 crores from ₹461,932 crores as on 31 March, 2015.

### Advances

Total advances of the Bank as on 31 March, 2016 increased by 20.52% to ₹338,774 crores from ₹281,083 crores as on 31 March 2015, due to a balanced growth across Corporate and Retail segments. Corporate advances comprised 46% of total loans and increased by 21.73% to ₹155,384 crores, Retail loans comprised 41% of total loans and increased by 23.75% to ₹138,521 crores, SME loans grew by 8.10% to ₹44,869 crores and constituted 13% of total loans.



The retail loans business continues to focus on secured products, predominantly mortgages. However, as indicated in the earlier years, the Bank continued its strategic intent to further diversify the retail loans mix during the year. Secured loan products accounted for 86% of retail loans. Home loans accounted for 45% of retail loans, retail agricultural loans accounted for 17%, loans against property 8%, personal loans and credit cards were 11% and auto loans 9%, while non-schematic loans comprising loan against deposits and other securities accounted for 10%.

The Bank's corporate advances portfolio grew by 21.73% during the fiscal year 2016. The growth has largely been on account of cost efficient refinancing opportunities for highly rated corporates, that are new relationship additions to the Bank's franchise.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

### Investments

The investment book of the Bank increased by 3.79% to ₹122,006 crores, of which investments in Government and approved securities, held mainly for SLR requirement, increased by 5.83% to ₹87,020 crores. Other investments, including corporate debt securities, decreased by 0.95% to ₹34,986 crores. 79% of the government securities have been classified in the HTM category, while 94% of the bonds and debentures portfolio has been classified in the AFS category. The modified duration as on 31 March, 2016 for the HTM, AFS and HFT portfolio stood at 6.18%, 3.02% and 2.60% respectively.

### Liabilities and shareholder's funds

Particulars	2015-16	2014-15	(₹ in crores) % change
Capital	477	474	0.63
Reserves and Surplus	52,688	44,202	19.20
<b>Total shareholder's funds</b>	<b>53,165</b>	<b>44,676</b>	<b>19.00</b>
<b>Deposits</b>	<b>357,968</b>	<b>322,442</b>	<b>11.02</b>
- Current account deposits	63,652	56,108	13.45
- Savings bank deposits	105,793	88,292	19.82
- CASA	169,445	144,400	17.34
- Retail term deposits	121,955	106,581	14.42
- Non-retail term deposits	66,568	71,461	(6.85)
- <b>Total term deposits</b>	<b>188,523</b>	<b>178,042</b>	<b>5.89</b>
<b>Borrowings</b>	<b>99,226</b>	<b>79,758</b>	<b>24.41</b>
- In India	37,908	27,631	37.19
- Infra bonds	8,705	5,705	52.59
- Outside India	61,318	52,127	17.63
Other liabilities and provision	15,109	15,056	0.35
<b>Total liabilities and shareholder's funds</b>	<b>525,468</b>	<b>461,932</b>	<b>13.75</b>

### Deposits

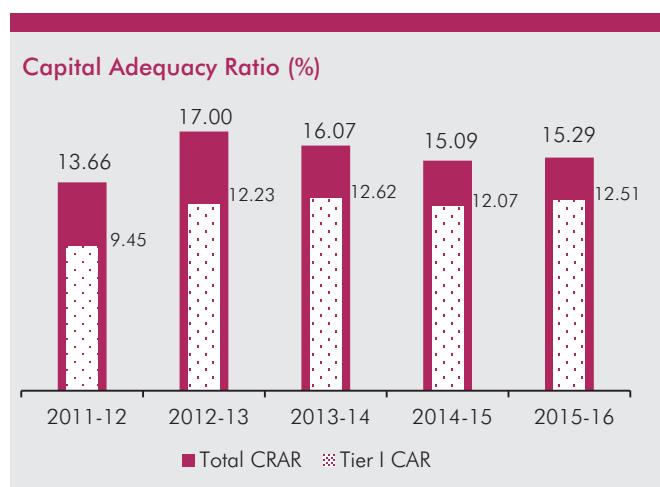
The total deposits of the Bank increased by 11.02% to ₹357,968 crores against ₹322,442 crores last year. Savings Bank deposits reported a strong growth of 19.82% to ₹105,793 crores, while Current Account deposits reported a healthy increase of 13.45% to ₹63,652 crores. The core component of Savings Accounts continues to grow strongly in terms of balances, customer acquisition, products per customer, cross sell etc. As on 31 March, 2016, low-cost CASA deposits increased by 17.34% to ₹169,445 crores from ₹144,400 crores last year, and constituted 47.34% of total deposits as compared to 44.78% last year. Savings Bank deposits on a daily average basis, increased by 13.97% to ₹82,849 crores, while Current Account deposits on a daily average basis reported a growth of 15.90% to ₹40,140 crores. The percentage share of CASA in total deposits, on a daily average basis, was at 39.87% compared to 39.53% last year.

The Bank's endeavour over the last few years has been to diversify its term deposit mix in favour of retail deposits. As on 31 March, 2016, the retail term deposits grew 14.42% and stood at ₹121,955 crores, constituting 64.69% of the total term deposits compared to 59.86% last year. As on 31 March, 2016, CASA and retail Term Deposits constituted 81.40% of total deposits. In accordance with RBI's guidelines on issuance of long term bonds for financing of infrastructure and affordable housing, the Bank successfully raised ₹3,000 crores of long term Infrastructure bonds during the year and as on 31 March, 2016. The outstanding balance in long term infrastructure bonds as on 31 March, 2016 was ₹8,705 crores.

### Capital Management

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

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



31 March, 2016, the Bank's Tier II CAR under Basel III was 2.78%. The capital adequacy ratio of the Bank computed under Basel III as on 31 March, 2015 was 15.09% with CET I and Tier I CAR of 12.07% and Tier II CAR of 3.02%.

The following table sets forth the capital, risk-weighted assets and capital adequacy ratios computed as on 31 March, 2016 and 31 March, 2015 in accordance with the applicable RBI guidelines under Basel III.

Particulars	(₹ in crores)	
	2015-16	2014-15
Tier I capital	50,517.51	41,680.96
Tier II capital		
Out of which	11,231.79	10,423.85
- Tier II capital instruments	9,293.21	8,950.42
- Other eligible for Tier II capital	1,938.58	1,473.43
Total capital qualifying for computation of capital adequacy ratio	61,749.30	52,104.81
Total risk-weighted assets and contingencies	403,949.18	345,200.44
Total capital adequacy ratio		
Out of above	15.29%	15.09%
- Common equity tier I capital ratio	12.48%	12.07%
- Tier I capital ratio	12.51%	12.07%
- Tier II capital ratio	2.78%	3.02%

## Business Overview

An overview of the Bank's various business segments along with their performance during financial year 2015-16 and future strategies is presented below.

## Retail Banking

The Retail Banking segment continues to be a key driver of the Bank's overall growth strategy. It encompasses a wide array of products and services across deposits, loans, investments and payment solutions which are delivered through multiple channels to the Bank's customers. The Bank has over the years developed long-term relationships with its customers by being their preferred financial solutions partner on account of its excellent customer delivery through insights and superior services. The Bank has also succeeded in making banking simple for masses by smart use of technology. The Bank has always focused on meeting the financial needs of its customers

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

by providing high quality products and services through regular customer engagement in convenient manner. Axis Bank continues to be one of the strongest financial services brands in the country. This year, the Bank was awarded the title of 'Superbrand 2014-15' by Superbrands and No.1 promising banking brand of 2015 by ET Best Brands 2015.

### Retail Deposits

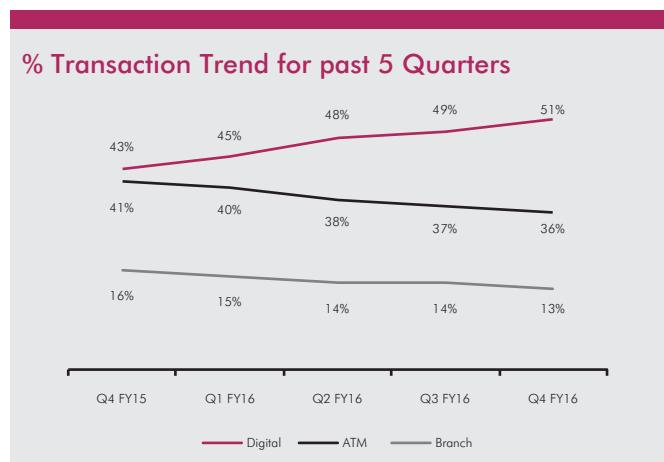
The Bank pursues an effective customer segmentation strategy and has over the years built a sustainable retail deposit franchise. During the year, the Bank continued to focus on increasing its retail deposits base, particularly demand deposits. Savings Bank deposits crossed ₹ One lac crores and have grown at a Compounded Annual Growth Rate (CAGR) of 21% over the last five years. As on 31 March, 2016, the Bank had over 172 lac savings account customers, registering a growth of 15%.

### Technology & Digital Banking

Technology has been the predominant focus for retail banking during the year. The Bank launched a series of smart, secure and safe features across its various banking products. During the year the Bank launched INSTA Personal Loan facility where eligible customers can avail pre-approved loan amounts credited to their accounts instantly using this facility from ATMs, Axis Mobile App and Internet banking platforms. The Bank also launched Digital and Mobile Account Opening facility during the year, which let consumers open savings account on the go. The new process available on Axis Bank mobile app, Axis Bank mobile site and website makes opening a bank account as simple as online shopping. Customer can smoothly checkout by paying the initial funding amount through net banking or debit card, fix an appointment for delivery of their Banking Kit and get an instant account number. The Bank was the first Indian bank to enable its Mobile Banking customers to seamlessly transact with Apple's 'Touch ID'. Bank customers using Apple iPhone 5s and above can now complete their financial transactions such as bill payments, mobile recharge and funds transfer using this feature. Once the customer's fingerprint is set up on the Axis Mobile app, they can authenticate subsequent financial transactions by either using Touch ID or their mPIN. The Bank also launched its banking application for Apple Watch.

Technology is bringing us closer to the Bank's customers' needs. The use of analytics is central to most of the Bank's retail businesses. This has helped us build richer customer profiles, gauge customer needs more accurately and make targeted offerings through their preferred channel, whether it is Branch, ATM, Internet or Mobile Banking.

During the year the Bank launched **LIME** – India's first Mobile App integrating Wallet, Shopping, Payments and Banking. **LIME** has already crossed 13 lac downloads since launch. **LIME** was awarded the prestigious Banking Frontiers' FINNOVITI Award 2016. '**Ping Pay**' was India's first multi social application by the Bank used for peer-to-peer transfer of money/recharges through IMPS functionality using social media such as Whatsapp, Facebook, Twitter, Email and SMS. '**Ping Pay**' has created a strong brand recall among customers and has strengthened the social presence of Axis Bank as a forerunner of digital banking products. During the year, '**Ping Pay**' emerged as the winner of the Digital Channel Category, at the Financial Insights Innovation Awards (FIIA) 2016.



have increased almost 4.35 times over last year, outpacing every other channel by a wide margin. In order to promote self-service, Axis customers are now empowered to open/close Fixed and Recurring Deposits, enable auto-debit payment on credit cards, convert credit card transactions into EMI, book a car test ride and perform a host of other useful activities. During the year bank launched an online Locker booking facility through the Mobile App. This industry first initiative empowers customers to check availability and book safety lockers in nearby branches through the Axis Mobile App. As a testimony to Bank's digital efforts, Forrester rated Axis Bank's Mobile App as the best Mobile Banking App in India. The Bank's mobile App was adjudicated Mobile Banking initiative of the year – India at the Asian Banking and Finance (ABF) Retail Banking Awards.

The Bank continues to see strong momentum towards the adoption of digital channels by customers. Electronic channels now contribute 87% of all customer induced transactions in the Bank's retail base. The internet and mobile banking platforms of the Bank continue to be a strong proposition providing customers the ease of transacting real time from the comfort of their home or office while ensuring security. The Bank's Internet Banking user base is growing at 23% and transaction volumes are growing at 17% YoY. The Bank has successfully rolled out Internet Banking Version 2.0 to all customers for faster and better navigation, along with richer consumer experience and ease of operation. The new platform provides enhanced features such as universal menu, set favourite transactions and view scheduled transactions in the calendar. The Bank continues to focus on driving mobile banking usage. The Mobile Application further continued its growth with close to 25 lac users generating a monthly transaction value of over ₹54,932 crores. The transaction volumes on Axis Mobile

## Investment Products

The Bank distributes investment products such as mutual funds, Bancassurance products (Life, Health and General Insurance) and online trading products through its branches. The Bank is one of the leading banking distributors of mutual funds in India and distributes mutual fund products of all major asset management companies. The fee income from this segment contributed around 10% to the total Retail Banking fees. These investment products are sold through the Bank's branch distribution network based on thorough analysis of customers' life-cycle and lifestyle requirements. For the Life Insurance distribution, the Bank distributes products of Max Life Insurance Company. Since the Bank's strategic bancassurance tie-up with Max Life Insurance Company in 2010, the Bank has successfully helped insure over 8 lac lives through its distribution channels. In General Insurance, the Bank has a tie-up with Tata AIG (American International Group) and during the year sold more than 3 lac policies and collected ₹219 crores of premiums which is 7% over last year. The Bank is on a constant look out to find new avenues to service its customers and increase the pie of its distribution fee income. Over the past few years, it has been observed that there is exponential rise in the cost of healthcare and the need for customized and affordable health insurance solutions. With the objective of ensuring the health and well-being of the Bank's customers, the Bank recently entered into a Bancassurance partnership for health insurance with Apollo Munich, which will help the Bank further expand its existing bouquet of offerings and put forth a compelling proposition to the clients. With the onset of new Open Architecture regime from 1 April, 2016 for sale of Insurance products, the Bank remains committed to bring the best of insurance products which best suit the needs of its customers.

The Bank offers online trading services to its customers in collaboration with Axis Securities Ltd. (a 100% subsidiary of the Bank) under the name Axis Direct - an enhanced and simplified online trading platform. During the year, the Bank opened more than 3 lac online trading accounts, and in the process crossed 1 million total customers count.

## NRI & Affluent Segments

NRI Banking and Burgundy are two strong propositions for the Bank's esteemed clients. The Bank offers a complete suite of banking and investment products under its NRI Services for Indians living and working overseas. As on 31 March, 2016, the Bank's aggregate NRI deposits (Savings Bank + Term Deposits) stood at ₹43,425 crores registering a year-on-year growth of 6%. During the year, the Bank introduced the industry's first initiative to enhance customer experience for Burgundy customers. This initiative allows customers to view their entire liability (current, savings, term and recurring deposits), asset (loans, overdrafts etc), investment (demat, mutual funds, alternate investments), insurance (life and general) and Card (debit, credit and multi-currency) relationship with the Bank through a single statement. During the year, a Premium Savings Accounts for Foreign Nationals of Non-Indian Origin were also launched. The new Burgundy & Priority Foreign Nationals account variants are commensurate with the customer income levels and offer enhanced relationship and lifestyle privileges. NRIs are known to travel to India frequently and with an objective to provide an offering commensurate to their expectations and relationship size, complimentary airport transfer service was launched for Burgundy & Priority NRI customers. The Bank also launched NetSecure enabled display debit cards aimed at enhancing the NRI customers' Internet Banking experience. The first of its kind NRE Debit Card has an e-paper panel to display the NetSecure code on the Debit Card itself, thereby negating the dependency on SMS, Mobile or Web based token. The card comes with enhanced features and benefits relevant to the NRI segment.

## Retail Lending & Payments

The three main elements of the Bank's strategy on the retail lending and payments businesses for the financial year 2015-16 continue to be Cross-sell to internal customers, growth in the rural lending and retail payments franchises. The Bank's cross sell metrics have been steadily improving, which is substantiated by strong retail asset growth, retail fee income growth and distribution income from investment and insurance products. Product penetration into the Bank's strong SA base continues to be a major driver for growth. Big data analytics led targeting of the known retail customer for sales of unsecured lending, cards or other payment products continues to be core to the Bank's franchise building in this space. Overall, more than 50% of incremental retail loans were sourced through branches. Existing deposit customers contributed about two-third of the incremental retail loans. The credit quality of retail loans has remained steady.

### Retail Loans

This was yet another strong year for the Bank where the retail loan growth considerably outpaced the industry average growth rate. The Retail Assets portfolio has grown at a Compounded Annual Growth Rate (CAGR) of 31% over the last five years. The Bank continued to increase its share of retail loans to total advances which stood at 41% compared to 29% in March 2012. Including SME loans that qualify as regulatory retail, the share of retail loans to total loans would be 54%. Regulatory retail within SME relates to collateralised lending to very small sized SME clients and small business clients.

The retail loans portfolio continues to be focused on secured products, predominantly mortgages. Secured loan products accounted for 86% of retail loans, of which Home loans accounted for 45%, retail agricultural loans accounted for 17%, auto loans 9%, loans against property 8%, personal loans and credit cards were 11%, while non-schematic loans comprising loan against deposits and other securities accounted for 10%.

Despite a subdued property market in fiscal 2016, the Home Loan industry grew well at around 18%. The Bank's Home Loan book size grew by 10%. Lending rates moderated across the industry, with all major lenders offering Home loans closer to their base rate. Despite

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

a general slowdown in the market, there has been strong demand across various micro markets. With the introduction of the Real Estate Regulation authority, there would be more transparency in the industry which is positive for future real estate growth in the country.

Technology remains an important enabler for the Bank's loan products. During the year, Super Saver Home Loan was launched where customer can park his short term funds and save interest on his loan to the extent of excess funds parked. The Bank also launched a pre-approved Auto Loan. Rural agricultural lending was another focus area for the Bank. The Bank launched Rural & Semi Urban (RUSU) Home loans, a Home loan product specifically for Rural and Semi-Urban customer. As on 31 March, 2016, the Bank's outstanding loans in the agricultural sector grew at a healthy 29% to ₹23,218 crores from ₹17,960 crores last year. Increasing urbanization and demographic pressure that the country witnessed over past decades have made housing a major issue for discussion, especially in the low income and economically weaker segments. Challenge is to provide housing to these people who have very limited financial options at their disposal. Hence as a part of financial inclusion, The Bank has launched a product called Asha Home loan especially to cater this segment. With Government of India launching its 'Housing for All by 2022' mission LIG/EWS, Asha Home loans will help this particular segment aspire to own their dream house. Asha Home loans increased by 201% from ₹628 crores as on 31 March, 2015 to ₹1,891 crores as on 31 March, 2016.

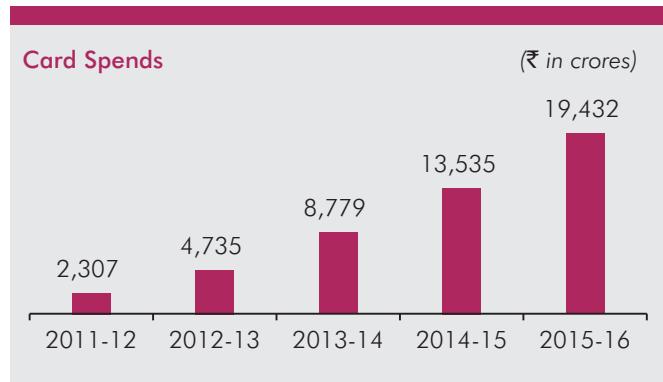
### Payments

The retail payments franchise remains central to the Bank's overall retail strategy, as it is mutually beneficial for the customer and the Bank. The customer benefits from the cutting edge processes and services offered and in turn prefer to transact more as the trust and convenience factor builds up leading to more business opportunities for the Bank. The Bank is one of the largest debit card issuers in the country, with a base of over 155 lacs. The Bank had over 24 lac credit cards in force as of 31 March, 2016, making it the 4<sup>th</sup> largest credit card issuer in the country. The credit cards portfolio saw a substantial increase in spends by 44%, to ₹19,432 crores from ₹13,535 crores last year. The Bank is also one of the largest acquirers of point-of-sale terminals in the country with an installed base of around 3 lacs. In addition to introducing contactless Debit, Credit and Multi Currency Forex cards, the Bank also enabled almost 50,000 merchant terminals for Near Field Communication (NFC) based card acceptance during the year. During the year, the Bank launched **Total Control** - a first of its kind platform which allows all Debit Card customers to customize their cards as per their usage preferences. Functionalities cover features such as Limit Modification, Blocking, Switch on/off, Enabling/Disabling International Usage. The Bank also went live on DCC (Dynamic Currency conversion) for Cleartrip, the second largest online travel operator in the country. E-commerce continues to be on a strong growth trajectory. The Bank achieved 54% YoY growth in volumes from E-commerce merchants with ₹6,927 crores spend in FY16 against ₹4,504 crores in FY15. The Bank is also now live with its in-house Payment gateway which can accept Visa & Mastercard products; Rupay & Maestro are in certification process.

### Overseas Branches, Forex & Remittances

The Bank is permitted to carry out retail banking business through its overseas branches in Colombo and Hong Kong as well as in London through its subsidiary Axis Bank UK Ltd. The Bank offers remittances facility to NRI customers through the Bank's Colombo & Hong Kong branches and Axis Bank UK Ltd., for remittances to India. Axis Bank UK Ltd. has also launched a convenient mobile application for NRIs in UK to send money instantly to India. Additionally, the Bank offers remittances from GCC region to Sri Lanka through tie-up with 4 Exchange Houses.

The Bank offers a range of forex and remittances products to its retail customers, which include travel currency cards, inward and outward wire transfers, traveller's cheques, and foreign currency notes, remittance facilities through online portal as well as through collaboration with correspondent banks, exchange houses and money transfer operators. The Bank continued to have a market leadership position in Travel Currency Cards with 16 currency options other than INR being offered. Additionally, the Bank offers a Multi-Currency Forex Card, aimed at frequent travellers to multiple countries. The aggregate load value on travel currency cards crossed USD 6.5 billion during the year. The year also saw the launch of Paywave, a contactless variant of the Multi-Currency Forex Card, an industry first for a Forex Card in India. With focus on increasing the adoption of Forex Card in new geographies, Travel Currency Card has also been launched



on Discover Network which provides a more convenient alternative to currency for travellers to countries like China, Korea and Japan. Travel Currency Card has also been enabled in Axis Mobile to provide a host of facilities to the Travel Currency Card and Multi-Currency Card customers, including instant reload of the card from their linked savings accounts.

The Bank continues to increase the number of geographies from which NRIs can send money to India with the extension of AxisRemit Online to 3 new geographies in this fiscal year, bringing the total number of originating geographies to 10. The Bank has launched, Axis Forex Online, a revolutionary online portal for resident Indians, including non-Axis account holders, to seamlessly send outward remittances as well as purchase retail forex products, including Travel Currency Cards and Multi-Currency Forex Cards. The volumes of retail remittances also rose by 21%\* during the year and the Bank processed outward remittances of over USD 2 billion and inward remittances of around USD 6 billion.

\* excluding the volumes attributable to partner bank deposits

### **Loyalty Rewards**

eDGE Loyalty Rewards program is a Bank-wide loyalty program that rewards customers across their saving account, credit card, debit card, current account, loans and forex relationships. During the year, the Bank extended eDGE reward points on Axis Direct transactions. 'Only One' Campaign continues to be the monthly attraction where customers can redeem a limited stock item with only one eDGE reward point every month. Points plus cash was introduced enabling customers to redeem products using a combination of their points and cash. Redemption of points at merchant outlets is now available and customers can now gift their points with the 'Transfer of Points' functionality. Axis Bank eDGE Loyalty Rewards Program has yet again won the award for Champion of Champions - Best Loyalty/CRM Program of the Year at 9<sup>th</sup> Loyalty Summit which is the most prestigious Loyalty Forum in the country.

### **Financial Inclusion**

The Bank regards Financial Inclusion (FI) as an integral component of its rural strategy to further extend its reach in the rural market. The Bank's FI initiatives maintained momentum this year with the Bank opening around 6 lac basic savings bank accounts through its branches and Business Correspondents (BC) network. As of 31 March, 2016, Bank's FI customer base is being serviced through a network of 587 rural branches and more than 31,300 BC agents spread over 3,272 villages. As a manifestation of the Bank's efforts, the Bank was selected as the Best Private Sector Bank under the category Rural Reach at the Dun & Bradstreet Banking Awards 2015. The bank launched micro ATMs at its branches for facilitating Aadhar based and biometric based transactions. The Bank further consolidated its position in remittance business – both G2C (Government to Consumer) payments and C2C (Customer to Customer) transfers, disbursing close to ₹146 crores of G2C payments and more than ₹7,404 crores of domestic money transfers through 218 lac C2C remittance transactions during 2015-2016. The Bank has actively participated in the Pradhan Mantri Jan Dhan Yojana (PMJDY) and successfully covered the Sub Service Areas (SSA) and Wards allocated to the Bank with the help of its branches and Business Correspondents. Till date the Bank has opened over 5 Lac accounts with a balance of over ₹82 crores and 92% of the customers have been issued Rupay Cards. The Bank has also been active in the social security space and has issued around 8 lacs Pradhan Mantri Suraksha Bima Yojana (PMSBY) and 2 lac Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) policies. The bank takes special care to ensure that the hitherto financially excluded customers do not have any problem in their claim process. The bank also actively promotes Atal Pension Yojana for its eligible customers and has enrolled 32,471 customers till March 2016.

### **Branch & ATM Network**

The Bank's organically built branch network over the last twenty plus years has helped it to strategically lay down one of the best pan India branch distribution networks. During the year, the Bank added 315 branches and its geographical reach extends to 29 states and 6 Union Territories, covering 1,855 centres and 608 districts. As on 31 March, 2016, the Bank had a network 2,904 branches/ ECs as compared to 2,589 last year. Around 20% of the Bank's branches are in rural areas and 74% of the Bank's rural branches are in unbanked locations. As on 31 March, 2016, the Bank had 12,743 ATMs. The Bank has also deployed 1,181 Automated Deposit Machines (for cash deposits into customer accounts) and has extended this facility for 24x7 availability in certain branches, which have integrated self-service lobbies. Axis Bank was the first private sector Bank to introduce recyclers and first bank in India to have 1000+ recyclers which can accept and dispense cash. As on 31 March, 2016, the Bank had deployed 1,146 recyclers. Besides the Branch and ATM network, Internet banking, mobile banking and phone banking platforms have also evolved as an important electronic channel for the Bank.

### **Service Quality**

The Bank continued its focus on Service Quality by ensuring superior service delivery to customers with improvement seen in almost all service metrics. Special programs were created to impact the service culture and impact areas like turn-around times to customer queries, first time right, complaints and escalations. Overall complaint ratio for the Bank has reduced from 1.83 (per thousand accounts) in fiscal 2015 to 1.75 in fiscal 2016. The Customer Advocacy and Retention program was introduced this year with an objective to capture instant feedback from customers post their transactions.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

### **Corporate Banking**

The corporate banking space in India is recovering from its own set of challenges. The issues at hand on the corporate side range from excess capacities in many sectors to increase in leverage on corporate balance sheets. Resolving the asset quality issues remain a top priority for the Government and the Regulator to get back to a sustainable economic growth path. Asset quality recovery is linked to how the economy turns around and it will happen gradually but the silver lining stems from the fact that, while the high debt is concentrated in only a few sectors, the balance sheets of the other segments and sectors remain relatively robust. However, despite these challenges the private sector banks have continued to gain market share by delivering above industry growth rates. This trend is likely to continue in the near future; however the preference is for a much healthier and well capitalized banking sector for overall swifter revival in the country's economic growth.

Certain policy initiatives taken by the Government during the year has resulted in a minor uptick in the execution of the existing projects which were stalled due to various policy and regulatory constraints. Reserve Bank of India also introduced certain guidelines more popularly known as 5/25 which enables long term financing of projects by Banks. However, the results of these initiatives are yet to materialize fully and the demand and delivery of credit is yet to witness a healthy uptrend.

Now, focusing on the Bank's strategies, the corporate client relationship model introduced in earlier years has been further entrenched. The Bank continued its focus on transactional business comprising of trade finance, cash management, remittances etc. and has further strengthened its processes and controls apart from investing in technology platforms to enable seamless transaction experience on digital channels introduced by the Bank for its corporate clients. This has enabled an increase in the Bank's wallet share in a wide range of banking products with its corporate customers.

The Bank's corporate advances portfolio grew by 22% during the fiscal year 2016. The growth has been on account of cost efficient financing provided to highly rated corporates, with strong group financials, that are new relationship additions to the Bank's franchise. Given that the focus remains on highly rated corporates, approximately 79% of new sanctions in the corporate book are to companies rated 'A' and above. Presently, 62% of outstanding corporate loans are to companies rated 'A' and above. Also, the Bank's strategy of sectoral approach to credit continued where the focus was on identifying sector-specific opportunities and risks. Industry, group and company specific exposure limits have been defined by the Bank and continuous monitoring is undertaken with a view to identify risk and take proactive decisions to mitigate them. Portfolio diversification is also ensured through the sectoral credit approach.

The Bank has disclosed a watch list of ₹22,628 crores which is assessed to be the key pool of potential future stress in the corporate lending book over the next two years. Iron and Steel and Power sectors comprise 47% of this list. The Bank would maintain adequate provision coverage levels and also build up its contingent provision buffers.

The Bank has been cautious in its lending practices, especially in the last three years by focussing on higher rated corporates. However, due to the significant price and demand correction witnessed globally in the metal and minerals sector, the outlook for the sector remains cautious. A major proportion of the Bank's these exposures relate to large integrated players with stronger balance sheets that are better equipped to meet the challenges currently witnessed by the sector. More recently price volatility across commodities appears to have stabilized and suggests mild recovery prospects.

The Bank has maintained its leadership position in the loan syndication market and syndicated an aggregate amount of ₹22,613 crores (previous year ₹15,930 crores) by way of rupee loans and USD 1.93 billion (previous year USD 1.55 billion) of foreign currency loan during the year 2015-16.

### **Treasury**

The Bank's Treasury business comprises Asset Liability Management (ALM), Correspondent banking activity, Foreign exchange and derivatives trading, bullion business, Investments in SLR and Non-SLR securities, and arranger ship business.

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

The Global Financial Institutions Division (GFID) within Treasury focuses on developing and maintaining business relationships with Financial Institutions (FIs) across the globe and holds the primary responsibility for developing various business opportunities emanating from such relationship. The Group facilitates institutional fund raising and cross-border trade finance business with specific focus on inbound trade and payments flows into India. GFID forges long term strategic ties with identified Banks/ FIs in areas ranging from

corporate referrals, payments, trade finance to lending solutions. The Bank has taken steps to enhance the overall FI Proposition including Vostro and ACU Accounts, and Client Experience through initiatives like transaction automation, dedicated operations support and customer service support.

Forex Trading Group - Global Markets, is a major participant in the Foreign Exchange and Derivatives market. The Bank has established itself as one of the leading banks providing foreign exchange and derivative solutions to its clients. The Bank has been awarded the "First Rank Amongst Asian Corporate Respondents" in eleven categories by Euromoney in their FX Survey 2015. The Bank is amongst the leading bullion banks in India and has been awarded the "Best Bank for Gold Dealings" by Indian Bullion and Jewellers Association Limited. Customer Derivative Business of the Bank has emerged as a key business group providing risk management and hedging solutions to the Bank's wide range of Corporate Customers and Financial Institutions. The Bank is a key market player in providing Currency Options, Swaps and Interest Rate Derivative Products to corporates.

Investment, ALM & Capital Market (IAC) group within Treasury plays an important role of participating in primary auctions of RBI, proprietary trading in Govt. securities, Corporate bonds, Money market instruments and Equity.

The Bank continues to remain a dominant player in the Debt Capital Market (DCM) Segment. During the year, the Bank arranged ₹124,136 crores of bonds and debentures for various PSUs and corporates. The Bank has been ranked number one in the Bloomberg Official League Table for domestic bonds in India for calendar year 2015 and also ranked number one arranger as per Prime Database for the nine months ended December 2015. During the year, the Bank was awarded "Best Debt House in India" by Euromoney, "Best DCM House – India" by Finance Asia, "Best Domestic Debt House – India" and "Best Domestic Bank – India" by Asiamoney. Also, during the year the Bank was awarded by The Asset Benchmark Research as "Top Bank in the secondary market, Corporate Bonds, Rank 1" and "Investors Choice for primary issues in Asian currency bonds"

### **Transaction Banking**

A new business unit 'Transaction Banking' was formed in April 2015 to focus on the flow businesses within Corporate Banking, i.e. current accounts, collection & payments solutions, forex, trade services and capital market solutions. This restructuring was done to enable the Bank to offer a seamless experience to its customers, for all their requirements through a dedicated relationship manager supported by a customer service team. The key financial deliverables of the business are current account float balances and fee income.

Current account balances grew from ₹56,108 crores as on 31 March, 2015 to ₹63,652 crores as on 31 March, 2016, a year on year growth of 13%. Daily average balances in current accounts grew 16%, from ₹34,634 crores in fiscal 2015 to ₹40,140 crores in fiscal 2016. The trade scenario for the economy remained depressed with decline in both imports and exports for several months in a row.

The key themes that the business has been focusing on are deepening share of wallet for existing clients, offer digital solutions to customers and enhance customer service. The relationship managers and branches are continuously equipped with analytical tools and learning interventions to help cross-sell the large suite of transaction banking products to customers. The Bank also launched mobile apps for the entire gamut of transaction banking requirements, including payments, forex rate bookings and trade finance transactions. A comprehensive capability enhancement programme was undertaken to enable the Bank to enhance the footprint of B Category branches (branches authorized to handle forex business) from 214 at the beginning of the year to 475 as at the end of the year. The Bank has also taken various steps to strengthen internal controls and adhere to emerging regulatory requirements.

### **Lending to Small and Medium Enterprises**

Axis Bank plays an important role in supporting the Small and Medium Enterprise (SME) businesses across the nation. The SME business of the Bank comprises of three business groups: Medium Enterprises (MEG), Small Enterprises (SEG) and Supply Chain Finance (SCF) which as on 31 March, 2016 comprised 40%, 46% and 14% of total SME advances respectively. The Bank extends working capital, term loan, trade finance and project finance facilities to SMEs for their various financing needs.

The wide range of fast-track and customized products available in the Bank's product suite ensure that customers get adequate finance best suited for their businesses. During FY16, various products and process changes were implemented. "SME Dealer Power" launched during FY16 offers comprehensive financing facility to the dealers of various companies in the country for efficient management of working capital and other business requirements. Another newly launched product "Exim Power" offers financing facilities to SMEs engaged in export/import activities and showcase Bank's commitment towards "Make in India" initiative. The Bank has also adopted an industrial cluster based financing as an important strategy towards ensuring manufacturing credit flow in SME sector. As part of this initiative, important clusters have been identified across various sectors and awareness has been created within the Bank's teams to focus more on these identified clusters in the coming years.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

The Bank continues to support SMEs not only through innovative financial products but also by extending non-financial services to grow their business. Last year, the bank had initiated a road show series titled "Evolve" for capacity building of SMEs which attracted lot of appreciation from the participants. This year also, "Evolve" was conducted on a bigger platform covering more number of cities and thus educating larger audience in the SME segment. This capacity building initiative is also a unique step towards further facilitating and contributing to the 'Make in India' initiative.

The SME portfolio of the Bank constituted 13% of the Bank's total advances as on 31 March, 2016 and grew by 8% to ₹44,869 crores from ₹41,507 crores last year. The SME asset quality trend remains healthy as the Bank's strategy to focus on better rated customers has held up well. Around 84% of the outstanding loans continue to remain within the category SME 1 to SME 3. The Bank continues its emphasis on improving the capabilities to mitigate the risk in the existing and new loan portfolio by continuously upgrading and refining the various parameters and variables used to build the early warning risk models.

The SME Business continues to focus towards lending to the Priority sector (PSL) and is a significant contributor to the Bank's overall PSL portfolio. Special initiatives have been undertaken during fiscal 2016 to promote lending to the Priority Sector which includes product and marketing initiatives. Currently Bank operates from 51 SME Centres and 9 SME Cells, across the country to service customers effectively covering around more than 1,500 branches.

As on 31 March, 2016, the Bank has achieved its overall priority sector lending requirements.

### **International Banking**

The International Banking strategy of the Bank continues to revolve around leveraging its relations with corporates in India and Non-resident Indians, while providing banking solutions at overseas centres. The Bank, through its international operations, leverages the skills and strengths built in its domestic operations. It also widens the horizon of the product offerings covering a varied spectrum of corporate and retail banking solutions across client segments in various geographies. The Bank has established its presence at strategic international financial hubs in seven countries. The global landscape of the Bank consists of five branches at Singapore, Hong Kong, Dubai International Financial Centre (DIFC) – UAE, Colombo (Sri Lanka) and Shanghai (China); three representative offices at Dubai, Abu Dhabi (both in UAE) and Dhaka (Bangladesh); and an overseas banking subsidiary in the United Kingdom. The representative office at Dhaka was inaugurated during the current financial year.

The Bank continues to offer corporate banking, trade finance, treasury and risk management solutions through the branches at Singapore, Hong Kong, DIFC, Shanghai and Colombo, and also retail liability products from its branches at Hong Kong and Colombo. Further, the Bank's Gulf Co-operation Council (GCC) initiatives in the form of representative offices in Dubai and Abu Dhabi, and alliances with banks and exchange houses in the Middle East provide support for leveraging the business opportunities emanating from the large NRI diaspora present in these countries. Through the Representative Office at Dhaka, the Bank aims to promote its trade finance business arising between Bangladesh and India & other Asian financial markets where Bank has presence. Secondary market risk participations, pertaining to Bangladeshi banks, being presently done by the foreign branches of the Bank, will also be captured at the primary level itself enabling the Bank to move up the value chain and enhance its risk return.

Given the uncertainties in global economies coupled with decline in Indian international trade, the Bank focussed on consolidating the operations at overseas branches and managing the risks in international operations. Emphasis continued towards trade finance business and value added services. As on 31 March, 2016, the total assets at overseas branches stood at USD 8.06 billion as compared to USD 7.86 billion last year. Axis Bank UK Limited, the Bank's overseas banking subsidiary, completed its third year of operations during the year under review and its total assets stood at USD 662 million as against USD 431 million as on 31 March, 2015.

### **Stressed Assets Group (SAG)**

The prolonged slowdown in the economy has resulted in significant stress build up for the Indian corporate banking segment. The Bank has also witnessed higher slippages in the last few years. The Bank's SAG is a specialised vertical responsible for efficient resolution of non-retail impairments of the Bank. The Group has three Regional Recovery Cells at Delhi, Kolkata and Chennai apart from the Central Office team in Mumbai catering to the Western part of the country. The Bank takes legal recourse for recovery process by filing suits in the Debt Recovery Tribunal (DRT) apart from proceeding under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). Sale of assets to Asset Reconstruction Companies and One Time Settlement options are also exercised from time to time. The current judicial and recovery infrastructure have its own set of challenges which at times delay the entire recovery process. However, the Bank remains hopeful that the proposed Bankruptcy Code will go a long way to help in removing these impediments in the ensuing future.

### **Risk Management**

The risk management objective of the Bank is to balance the trade-off between risk and return, and ensure that the Bank operates within the Board approved risk appetite statement. An independent risk management function ensures that the risk is managed through a risk

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

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

### **Credit Risk**

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

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

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

### **Market Risk**

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

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

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

### **Liquidity Risk**

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

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

The Bank has integrated into the asset liability management framework the liquidity risk management guidelines issued by RBI pursuant to the Basel III framework on liquidity standards. These include the intraday liquidity management and the Liquidity Coverage Ratio (LCR). The Bank maintains the regulatory mandated LCR as per the transitional arrangement laid down by RBI and also ensures adherence to RBI guidelines on monitoring and management of liquidity including liquidity ratios.

### **Operational Risk**

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

The RMC at the apex level is the policy making body and is supported by the Operational Risk Management Committee (ORMC), responsible for the implementation of the Operational Risk framework of the Bank and the management of operational risks across the Bank. A sub-committee of the ORMC, Sub-ORMC has been constituted to assist the ORMC in discharging its functions.

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

The Business Continuity Management Committee (BCMC) exercises oversight on the implementation of the approved Business Continuity Plan (BCP) framework which has been put in place to ensure continuity of service to its large customer base. The effectiveness of the approved Business Continuity Plan (BCP) framework is tested for all identified critical internal activities to ensure readiness to meet various contingency scenarios. The learning from the BCP exercises are used as inputs to further refine the framework.

## **Information Technology**

The IT team of the Bank in partnership with its trusted and experienced vendors has been instrumental in making the innovations and aspirations of high quality digital products and services from the various businesses and other operations teams a reality. The sheer quality and quantity of awards received by the Bank in this space substantiates the consistent improvement in performance. The Bank has launched some unique products and processes this year like LIME, 24X7 instant Personal Loan, new tablet based Loan Origination System, various branch automation projects, FxConnect Mobile for its corporate customers.

Harnessing the technology wave in Banking, Axis Bank has undertaken various technology driven business initiatives that reinforce the Bank's commitment to making banking simple and hassle-free for its customers. The Bank has focused on providing customers a seamless digital payment and banking experience. LIME's digital platform has been at the forefront of the digital innovation initiatives from Axis Bank. The inception phase of LIME focuses on easy peer-to-peer payments, seamless shopping and payments experience, end-to-end digital banking platform and simple personal finance management tools with tailored insights. LIME has helped the bank to capture a huge customer base outside its existing customer base.

A new tablet based Loan Origination system has been developed to digitize the entire lending process of MicroFinance business. The application includes different modules for on-boarding of villages by conducting village surveys, on-boarding of applicants, conducting group trainings and tests, and complete the disbursement. The tablet application is integrated with the bank's underwriting hub for real time approvals/rejections based on bureau checks and underwriting rules. Tablet and desktop based new workflow has been designed as a part of the mobility initiatives for Rural Lending.

Various branch automation projects have helped the Bank maximize utilization of the branch footprint with improved staff productivity, reduced errors, and improved customer experience. The Bank has centralized its account opening process to achieve economies of scale and reduce logistics costs and time taken in shipping documents to a central location. Single uniform imaging based workflow solution for CASA account opening was implemented.

The Bank launched FxConnect Mobile to provide constant connectivity to forex market to its corporate customers enabling them to track the market and cover transactions on the go. The app consumes Reuters API to provide seamless live rate streaming and instant deal booking. The Bank has also implemented Credit Processing System (CPS), a complete Loan Management System designed to assist the Bank in automating its lending process from loan origination, verification, sanctioning to pre & post-disbursement activities. CPS provides immense operational advantages of automating a high volume credit origination and appraisal segment such as retail and small and medium enterprises (SME) as well as the corporate segment. The web based platform allows Axis Bank users to keep a close watch on the overall quality of the portfolio.

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

## **Compliance**

The Bank is committed to adhere to the highest standards of compliance vis-à-vis regulatory prescriptions and internal guidelines. The Compliance function plays a crucial role in ensuring that the overall business of the Bank is conducted in accordance with regulatory prescriptions. The Compliance function facilitates improvement in compliance culture within the Bank through various enablers like dissemination of regulatory changes and percolation of compliance knowledge through training, newsletters, e-learning initiatives and other means of communication apart from direct interaction. To ensure that all the businesses of the Bank are operating within the ambit of Compliance Framework, the Compliance Department is involved in vetting all new products and processes. It evaluates the adequacy of internal controls and examines the systemic correction required, based on its analysis and interpretation of the regulatory doctrine and the deviations observed during compliance monitoring and testing programme. It also ensures that internal policies address the regulatory requirements comprehensively. The Audit Committee of the Board reviews the performance of the Compliance Department and the status of compliance with regulatory guidelines on a periodic basis.

As the focal point of contact with RBI and other regulatory entities, the Compliance Department periodically apprises both the Bank's management as well as the Board of Directors on the status of compliance in the Bank and the changes in regulatory environment. The Bank has put in place an Enterprise-wide Governance Risk and Compliance Framework, an online tool, which is pivotal in addressing operational, compliance and financial reporting risk, bringing efficiency in processes and improvement in compliance levels besides facilitating annual assessment of said risks. The Compliance Department also propagates and monitors a Group Compliance approach encompassing the Bank and its subsidiaries.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

### **Internal Audit**

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

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

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

The Bank's primary CSR philosophy rests on a purpose-driven approach to create a meaningful and measurable positive impact on the lives of economically, physically and socially challenged communities of the country by supporting initiatives aimed at creating conditions suitable for sustainable livelihood in these communities. A multi-pronged approach is adopted by the Bank for its CSR agenda, which is also intertwined with the Bank's sustainability agenda of creating enduring value for all its stakeholders. The Bank, through Axis Bank Foundation, supports the sustainable livelihoods program. Financial Inclusion and Literacy is one of the key national priorities and the Bank leverages its pan India presence to reduce inequalities faced by socially and economically backward groups. The Bank supports MSME sector development through knowledge sharing programs and undertakes skill development programs for youth to equip them with employable skills for better opportunities. Environmental sustainability is another key focus area for the Bank's CSR agenda and the Bank undertakes various environmental sustainability projects and community engagement programs.

The Bank has put in place a 'Policy on Corporate Social Responsibility' to strategically guide its efforts in the area of CSR and the same is hosted on the Bank's website [www.axisbank.com](http://www.axisbank.com). The CSR activities are pursued through various initiatives undertaken by the Bank or through Axis Bank Foundation (ABF) or through any other Trust or agencies and entities as deemed suitable. The Bank leverages its geographical spread to undertake such initiatives.

The prescribed CSR expenditure for the Bank for 2015-16 in terms of the Section 135 of the Companies Act, 2013 and Rules framed thereunder was ₹163.03 crores, against which the Bank has spent ₹137.41 crores [including contribution of ₹73.58 crores to Axis Bank Foundation (ABF)] towards various CSR initiatives as compared to actual CSR expenditure of ₹123.22 crores for 2014-15. The details of initiatives taken by the Bank on CSR during the year as per annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure V of the Directors' Report.

Set up as a Public Charitable Trust in 2006, Axis Bank Foundation (ABF) is the Corporate Social Responsibility (CSR) arm of Axis Bank Ltd. It complements the activities being carried out by the Bank under CSR with sharper focus on areas responsible for creating sustainable Livelihood. Partnering with close to 100 NGOs across the length and breadth of the country, ABF has impacted over 8 lac beneficiaries till March 2016. ABF's programs are currently spread across 26 states and 241 districts of India. During 2015-16, ABF has disbursed an amount of more than ₹76 crores towards various CSR activities.

In the area of Livelihoods, ABF has partnered with NGOs that primarily work in the areas of Watershed Management and Agriculture Productivity, Livestock Enhancement, Vocational Training, and Livelihood for the Disabled. These initiatives help in enhancing the agricultural output through improved farm practices leading to increased income, watershed management activities ensure the availability of water by adopting irrigation facilities for multiple cropping, encouraging involvement into non-farm handicraft activities like embroidery work, bamboo work, etc. that further supplements the farm income and improves the overall income.

Financial Inclusion activities are conducted to help the beneficiaries gain access to banking facilities. 25,033 Self Help Groups (SHGs) have been formed with a membership of 316,792 women. Formation and promotion of SHGs is carried out that helps the women to gain gender justice as well as access to affordable credit. The SHGs have recorded a savings of ₹93.90 crores while they have borrowed an amount of ₹141.16 crores from the Banks.

The Livelihood programs also seek to train unemployed youth both abled and disabled in various vocations leading to their employability. 79,619 youth have been trained of which 33,810 have been placed and 19,278 youth are self-employed. A cadre of Community Health Workers has been created which conducted 186,578 health education sessions for the community thereby impacting more than 5 lac families.

ABF has a mission to create one million sustainable livelihoods by December 2017, which is expected to empower at least 60% women, from an economic and social perspective. A 50% increase in income is expected to be achieved through these livelihood enhancement programs. Till March 2016, over 6 lac beneficiaries have been touched by this program.

Besides CSR activities, ABF encourages employee engagement through a gamut of activities. Regular blood donation campaigns as well as Thalassemia screening camps are conducted under the "Gift of Life" initiative. The "Basket of Hope" initiative is aimed at collection drives for clothes, toys, books etc that are then re-directed to needy people. ABF is involved in Disaster Management activities in conjunction with NGOs like Amarcures and GOONJ. Employees of the Bank in the vicinity of the disaster area are mobilized to volunteer during medical camps and other relief work. The Foundation along with its NGO partners had actively participated in the relief and rehabilitation work to help victims impacted by the Chennai Floods by providing food, water, clothes and financial aid. ABF ran a campaign for collecting funds from officers of the Bank towards contribution for the Nepal Earthquake and collected over ₹ 38 lacs which was contributed to The Prime Minister's Relief Fund for relief operations in Nepal.

The Foundation provides Axis Bank staff opportunities to volunteer and participate in its various initiatives and also runs a payroll program to collect contributions from the employees. During the year, 6,721 employees of the Bank had enrolled for the payroll program and the annual collection amounted to ₹1.65 crores. Since 2006, the Bank and the group companies have contributed a grant of ₹334 crores. The total amount of grant disbursed up to March, 2016 was ₹274 crores.

## **Human Resources**

Axis Bank believes that building and nurturing the Bank's people capabilities should be at the core of all initiatives to drive business excellence in a service driven banking business like ours. Thus, the key to a successful journey in achieving the Bank's Vision 2020 is to be prepared for future challenges by developing these people capabilities.

Developing leadership skills across various levels in the Bank is one of the key focus areas for capability building in the Bank. The Bank follows an institutionalized approach in identifying individuals with potential to become future leaders. A multi-tiered leadership development program has been created to develop leaders at various levels in the Bank. Academic tie-ups have been put in place to ensure access to world class content, faculty and premier institutions across the globe. Further, more than 100 senior executives of the Bank have been put through a one year program, co-facilitated by premier B-schools, with a focus to provide the requisite knowledge and leadership skill sets to prepare them for the changing times.

This year, the touch points of learning went beyond the conventional classroom through migration to alternate channels of delivery. The Bank endeavours to reinforce the status of compliance and standards as an important element of how the Bank runs its business and all its trainings are focused to ensure that its employees understand and meet their responsibilities.

Change in business strategy & creation of new verticals saw the Bank shift substantially from talent acquisition to strategic resourcing. Academic tie-ups and campus hiring based on the 'train, test and absorb' model yielded rich dividends to the Bank in creation of a pipeline of expertise in different businesses and support verticals. Speed to productivity was increased by training the employees in related subjects before they took on their responsibilities.

Axis Champions, the Bank's premier awards platform, is an initiative to drive alignment of culture across the organisation and recognize champions for their role model behaviours. This year, Axis Blitz was launched as a circle level platform to reinforce these behaviours through storytelling and experience sharing with Senior Leaders of the Bank.

The strength of the workforce was 50,135 at the end of the year. A young and engaged workforce with an average age of 30 years and the Bank's policy on being an equal opportunity employer continue to significantly contribute towards the Axis Bank brand.

The Bank promotes a healthy and safe work environment and condemns any kind of unfair treatment at the workplace. The Bank offers an emergency helpline service to the women employees to provide immediate safety response during any emergency situation. This year, the Bank launched "With You" - an initiative to provide confidential counselling services to employees and their families for anything, at any time.

The Bank has shifted to an integrated Performance Management & Capability Development system – called **ACELerate**. **ACELerate** stands for **A**xis **C**apability **E**nancement **P**rogram. While retaining the tenets of Meritocracy, Transparency & Fairness, **ACELerate**, endeavours to drive changes across following principles:

- Greater alignment to the Bank's performance
- More Inclusive approach to career growth

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

- Investing in Capability Development and
- Leaders at every level.

Through the fulfilment of its HR agenda, the Bank continues to strive towards realization of its vision of being the preferred financial service provider excelling in customer delivery through insight, enhanced capabilities and empowered employees. The recent award received by the Bank for being amongst the top 25 best Companies to work for in India by Business Today further substantiates the successful journey towards accomplishing the Bank's vision.

### **Subsidiary Performance**

During fiscal 2016, the Bank's subsidiaries reported healthy growth in revenue and earnings of 38% and 29% respectively. The major contributors to the total earnings of the subsidiaries were Axis Capital at 36% and Axis Finance at 31% while Axis Securities, AXIS AMC and Axis Bank UK all contributed around 10% each. The AMC and Retail Brokerage businesses are also contributing towards the Bank's Retail Franchise building strategy. Superior return performance by the AMC and best in class technology adopted by the Bank's retail brokerage subsidiary, is also contributing to strengthen the bond that the Banks' customers have with the entire Axis family.

### **Safe Harbor**

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

# AUDITORS' CERTIFICATE

To

**The Members of Axis Bank Limited**

We have examined the compliance with the conditions of Corporate Governance by Axis Bank Limited (the 'Bank'), for the year ended on 31<sup>st</sup> March 2016, as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, pursuant to the Listing Agreement of the said Bank with Stock Exchange(s).

The compliance with the 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 with 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 provisions as specified in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, pursuant to the Listing Agreement of the said Bank with Stock Exchanges.

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

For **S.R. BATLIBOI & CO. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E

per **Viren H. Mehta**  
**Partner**  
Membership No.: 048749

Place of Signature: Mumbai  
Date: 26<sup>th</sup> April 2016

# CORPORATE GOVERNANCE

(Part of the Directors' Report for the year ended 31<sup>st</sup> March 2016)

## 1. Philosophy on Code of Governance

Your Bank's policy on Corporate Governance has been:

- I. To enhance the long-term interest of its shareholders, provide good management, adopt prudent risk management techniques and comply with the required standards of capital adequacy, thereby safeguarding the interest of its other stakeholders such as depositors, creditors, customers, suppliers and employees.
- II. To institutionalize accountability, transparency and equality of treatment for all its stakeholders, as central tenets of good corporate governance and to articulate this approach in its day-to-day functioning and in dealing with all its stakeholders.

## 2. Board of Directors

- I. The composition of the Board of Directors of the Bank is governed by the relevant provisions of the Companies Act, 2013, Rules made thereunder, the Banking Regulation Act, 1949, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Articles of Association of the Bank.
- II. The Board of Directors of the Bank has an optimum combination of Executive and Non-Executive Directors. The Board presently comprises of 13 Directors representing diverse combination of professionalism, knowledge, expertise and experience as required in the banking business. The Board has 8 Independent Directors constituting more than one-half of its total membership strength and 3 Women Directors. None of the Directors or their relatives are related to each other.
- III. The Bank recognizes and embraces the importance of a diverse board in its success and is endowed with appropriate balance of skills, experience and diversity of perspectives thereby ensuring effective board governance. The Board has adopted the Policy on Board Diversity which sets out the approach to ensure Board diversity so as to enhance its effectiveness whilst discharging its fiduciary obligations towards its stakeholders.
- IV. The Board also comprises of nominees of the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI) and the Life Insurance Corporation of India (LIC), promoters of the Bank. The following Members constitute the Board:

1. Dr. Sanjiv Misra	Non-Executive Chairman – Nominee of SUUTI
2. Smt. Shikha Sharma	Managing Director & CEO
3. Shri V. R. Kaundinya	Independent Non-Executive
4. Shri Prasad R. Menon	Independent Non-Executive
5. Prof. Samir K. Barua	Independent Non-Executive
6. Shri Som Mittal	Independent Non-Executive
7. Shri Rohit Bhagat	Independent Non-Executive
8. Smt. Usha Sangwan	Non Executive - Nominee of LIC
9. Shri S. Vishvanathan	Independent Non-Executive
10. Shri Rakesh Makhija	Independent Non-Executive
11. Smt. Ketaki Bhagwati	Independent Non-Executive
12. Shri B. Babu Rao	Non Executive - Nominee of SUUTI
13. Shri V. Srinivasan	Deputy Managing Director

The role of the Board is to provide effective guidance and oversight to the Management of the Bank so that it delivers enduring sustainable value, is fully compliant with extant laws and regulations, and functions in an ethical and efficient manner. The duties and responsibilities of the Board are as stipulated under the relevant provisions of the Companies Act, 2013, Rules made thereunder, Listing Regulations, Banking Regulation Act, 1949, Guidelines issued by RBI, from time to time and the Articles of Association of the Bank.

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

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

In all, 5 meetings of the Board were held during the year 2015-16, i.e. on 29<sup>th</sup> April 2015, 24<sup>th</sup> July 2015, 20<sup>th</sup> August 2015, 27<sup>th</sup> October 2015 and 19<sup>th</sup> January 2016, which were spread over a period of 2 days. The gap between two Board meetings did not exceed 120 days and the average maximum gap between two Board meetings during the year was 96 days. The requisite quorum was present for all the Board meetings held during the year 2015-16.

The details of the Board meetings attended by the Directors, their attendance at the last Annual General Meeting (AGM), the number of Directorships and Memberships / Chairmanships in Committees held by them during the year 2015-16, are given below:

(As on 31<sup>st</sup> March 2016)

Name of the Director	Board Meetings attended during the year	Sitting fees (in ₹)	Attendance at last AGM (24 <sup>th</sup> July 2015)	Number of other directorships of Indian public limited companies	Number of other directorships of other companies <sup>(1)</sup>	Number of other committee memberships <sup>(2)</sup>
<b>Nominee Directors - SUUTI</b>						
Dr. Sanjiv Misra, Chairman (Re-appointed w.e.f 11 <sup>th</sup> March 2016)	5/5	5,00,000	Yes	3	-	2 (1)
Shri K. N. Prithviraj@ (Term expired w.e.f. close of business hours on 8 <sup>th</sup> January 2016)	3/4	3,00,000	Yes	-	-	-
Shri B. Babu Rao (Appointed w.e.f. 19 <sup>th</sup> January 2016)	1/1	1,00,000	NA	2	1	1
<b>Nominee Director – LIC</b>						
Smt. Usha Sangwan@	2/5	2,00,000	No	4	2	1
<b>Independent Directors</b>						
Shri V. R. Kaundinya	5/5	5,00,000	Yes	3	2	4 (1)
Shri Prasad R. Menon (Re-appointed w.e.f. 23 <sup>rd</sup> January 2016)	5/5	5,00,000	Yes	2	1	2 (1)
Prof. Samir K. Barua	5/5	5,00,000	Yes	5	-	4 (2)
Shri Som Mittal@	4/5	4,00,000	No	3	-	2 (1)
Smt. Ireneeta Vittal (Resigned w.e.f. 23 <sup>rd</sup> August 2015)	3/3	3,00,000	Yes	-	-	-
Shri Rohit Bhagat	5/5	5,00,000	Yes	-	1	-
Shri S. Vishvanathan	5/5	5,00,000	Yes	1	-	-

## CORPORATE GOVERNANCE (CONT.)

(As on 31<sup>st</sup> March 2016)

Name of the Director	Board Meetings attended during the year	Sitting fees (in ₹)	Attendance at last AGM (24 <sup>th</sup> July 2015)	Number of other directorships of Indian public limited companies	Number of other companies <sup>(1)</sup>	Number of other committee memberships <sup>(2)</sup>
Shri Rakesh Makhija (Appointed w.e.f. 27 <sup>th</sup> October 2015)	2/2	2,00,000	NA	4	-	4
Smt. Ketaki Bhagwati (Appointed w.e.f. 19 <sup>th</sup> January 2016)	1/1	1,00,000	NA	-	-	-
<b>Managing Director / Whole Time Director</b>						
Smt. Shikha Sharma, Managing Director & CEO	5/5	---	Yes	2	-	-
Shri V. Srinivasan Deputy Managing Director (DMD) (Re-designated as the DMD of the Bank w.e.f. 21 <sup>st</sup> December 2015)	5/5	---	Yes	4	2	1
Shri Sanjeev Kumar Gupta (Retired w.e.f. the close of business hours on 18 <sup>th</sup> March 2016)	5/5	---	Yes	-	-	-

@ Leave of absence was granted to Shri K. N. Prithviraj, Smt. Usha Sangwan and Shri Som Mittal, who expressed their inability to attend the respective meetings.

(1) Includes foreign companies, private limited companies and Section 8 companies.

(2) Includes only memberships of the Audit Committee and Stakeholders Relationship Committee in public limited companies. Figures in brackets represent number of chairmanships of the said Committees.

### Notes:

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

None of the Directors of the Bank is a Member in more than 10 Committees or Chairperson in more than 5 Committees of Public Limited Companies. For the purpose of this regulation, only Chairmanship / Membership in Audit Committee and Stakeholders Relationship Committee have been considered.

The Directors of the Bank have given their declaration stating that they are in compliance with the applicable Acts, Rules and Regulations relating to annual disclosures.

## Board Meetings

### Schedules of Board meetings

The schedule of the meetings of the Board / Committees thereof and for the ensuing Annual General Meeting are circulated well in advance to the Members of the Board.

### Critical themes for review by the Board

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

### Board agenda

The Board agenda is prepared by the Company Secretary of the Bank in consultation with the Chairman of the Board of Directors of the Bank.

The Board agenda and notes thereof are sent to the Directors well in advance to enable them to peruse and comprehend the matters to be dealt with or seek further information / clarification on the matters listed therein.

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

The Minutes of the Board are circulated to the Chairman for his review and approval and thereafter circulated to the other Members of the Board for their feedback and confirmation as per the Secretarial Standards on Board Meetings prescribed by the Institute of Company Secretaries of India.

In case of business exigencies or urgency of matters, resolutions are passed by the Board through circulation. Video conferencing facilities are also used to facilitate participation by the Directors who may be travelling or based temporarily at other locations at the time of the meeting.

### Committees of the Board

The business of the Board is also conducted through the Committees constituted by the Board to deal with specific matters as per delegated powers for different functional areas of the Bank.

The Board has constituted 12 Committees, viz., Committee of Directors, Audit Committee, Risk Management Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Special Committee of the Board of Directors for Monitoring of Large Value Frauds, Customer Service Committee, IT Strategy Committee, Review Committee, Acquisition, Divestment and Merger Committee and Committee of Whole-time Directors. The terms of reference of the said Committees, its composition and attendance of the members at the meetings of the said Committees, are detailed as under. Leave of absence was granted to those Members who expressed their inability to attend meetings of the concerned Committees.

The concerned Functional Heads of the Bank finalise the Agenda of the meetings of the Committees in consultation with the concerned Chairman. The Committees ensures that any feedback or observations made by them during the course of the meetings forms part of the Action Taken Report for their review at the ensuing meeting.

The Heads of the Internal Audit and Risk Departments directly report to the respective Committees though they administratively report to the Managing Director & CEO/ Executive Director of the Bank.

#### (1) Committee of Directors

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

## **CORPORATE GOVERNANCE (CONT.)**

The Committee of Directors 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 / regulatory framework, etc. and
- viii. To discuss issues relating to day to day affairs/problems and to take such steps as may be deemed necessary for the smooth functioning of the Bank (all routine matters other than the strategic matters and review of policies other than the strategic policies like credit policy, investment policy and other policies which the COD may consider necessary or RBI may specifically require to be reviewed by the Board).

Pursuant to the expiry of his term as the Non-Executive Director of the Bank, Shri K. N. Prithviraj relinquished membership of the Committee of Directors, with effect from the close of business hours on 8<sup>th</sup> January 2016. Upon the said cessation, Shri S. Vishvanathan was appointed as the Chairman of the Committee. The Committee was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Smt. Ketaki Bhagwati, Independent Director, as a Member. The tenure of Shri Sanjeev Kumar Gupta as a Member of the Committee of Directors ended pursuant to his retirement from the services of the Bank, with effect from the close of business hours on 18<sup>th</sup> March 2016.

In all, 10 meetings of the Committee of Directors were held during the year 2015-16 viz. on 26<sup>th</sup> May 2015, 5<sup>th</sup> August 2015, 7<sup>th</sup> September 2015, 23<sup>rd</sup> September 2015, 6<sup>th</sup> November 2015, 1<sup>st</sup> December 2015, 23<sup>rd</sup> December 2015, 2<sup>nd</sup> February 2016, 26<sup>th</sup> February 2016 and 17<sup>th</sup> March 2016. The details of the Committee of Directors meetings attended by the Members during the year 2015-16 are given below:

Name of the Members	Attendance	Sitting fees (in ₹)
Shri S. Vishvanathan	10/10	5,00,000
Shri K. N. Prithviraj (Term expired w.e.f. the close of business hours on 8 <sup>th</sup> January 2016)	7/7	3,50,000
Smt. Shikha Sharma @	8/10	-
Shri Prasad R. Menon	10/10	5,00,000
Shri V. Srinivasan	10/10	-
Smt. Ketaki Bhagwati (Appointed as Member w.e.f. 19 <sup>th</sup> January 2016) *	3/3	1,50,000
Shri Sanjeev Kumar Gupta (upto the close of business hours on 18 <sup>th</sup> March 2016) @	6/10	-

@ Leave of absence was granted to the concerned Members who expressed their inability to attend the respective meetings.

\* Participated in the meetings held on 26<sup>th</sup> February 2016 and 17<sup>th</sup> March 2016 through video conference.

### **(2) Audit Committee**

The Audit Committee of the Board of Directors of the Bank (Audit Committee) comprises entirely of Independent Directors. The Members are Prof. Samir K. Barua (Chairman), Shri V. R. Kaundinya, Shri S. Vishvanathan and Shri Rakesh Makhija, Independent Directors of the Bank. The Members of the Audit Committee are financially literate and have requisite accounting and financial management expertise.

Pursuant to the expiry of his term as a Non-Executive Director of the Bank, Shri K. N. Prithviraj relinquished membership of the Audit Committee, with effect from the close of business hours on 8<sup>th</sup> January 2016. The Audit Committee was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Shri Rakesh Makhiya, Independent Director, as a Member.

The Audit Committee 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, un-reconciled entries in inter-bank accounts and frauds.
- iv. To discuss the matters related to frauds.
- v. To discuss and follow up for the audit observations relating to Long Form Audit Report.
- vi. To discuss and follow up for the observations relating to Inspection Report/Risk Assessment Report of the RBI.
- vii. To review the system of appointment of concurrent auditors and external auditors.
- viii. Oversight on the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ix. To recommend to the Board, the appointment, re-appointment, remuneration and terms of appointment of the auditors of the Bank.
- x. To approve payments to statutory auditors for any other services rendered by them.
- xi. To review, with the management, the annual financial statements and auditor's report thereon before submission to the Board for its approval with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement in the Board's report in terms of Section 134 (5) of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices, and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- xii. To review, with the management, the quarterly financial statements before submission to the Board for its approval.
- xiii. To review, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board for taking steps in the matter.
- xiv. To review with the management, performance and independence of statutory and internal auditors, adequacy of the internal control systems and effectiveness of audit process.
- xv. To obtain and review quarterly/half-yearly reports of the Compliance Officer appointed by the Bank, in terms of RBI instructions.

## **CORPORATE GOVERNANCE (CONT.)**

- xvi. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- xvii. To discuss with Chief Audit Executive/Internal Auditors any significant audit findings and follow up thereon.
- xviii. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- xix. To discuss with Statutory Auditors, before the commencement of audit, the nature and scope of audit as also conduct post-audit discussion to ascertain any area of concern.
- xx. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xxi. To review functioning of the Whistle Blower-cum-Vigil Mechanism.
- xxii. To approve the appointment of the Chief Financial Officer before finalization of the same by the management. The Audit Committee, while approving the appointment, shall assess the qualifications, experience and background, etc. of the candidate.
- xxiii. To review and note the appointment, removal and terms of remuneration of the Chief Audit Executive and/or any change in the incumbent Chief Audit Executive along with the reasons for such change.
- xxiv. Approval or any subsequent modification of transactions of the Bank with related parties.
- xxv. Scrutiny of inter-corporate loans and investments which are not in the ordinary course of business.
- xxvi. Evaluation of internal financial controls and risk management system.
- xxvii. Valuation of undertakings or assets of the company, wherever it is necessary.
- xxviii. Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

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

The Audit Committee discusses with the Statutory Auditors, the key highlights of the quarterly and annual financial results of the Bank, before recommending the same to the Board of Directors of the Bank for their approval. The representatives of the Statutory Auditors have attended all the meetings of Audit Committee held during the year for review of the financial results of the Bank.

The Audit Committee also discusses with the Statutory Auditors on matters connected with the financial results without the presence of any executives of the Bank.

In all, 15 meetings of the Audit Committee were held during the year 2015-16 viz. on 29<sup>th</sup> April 2015, 26<sup>th</sup> May 2015, 18<sup>th</sup> June 2015, 23<sup>rd</sup> July 2015, 5<sup>th</sup> August 2015, 2<sup>nd</sup> September 2015, 23<sup>rd</sup> September 2015, 8<sup>th</sup> October 2015, 27<sup>th</sup> October 2015, 1<sup>st</sup> December 2015, 18<sup>th</sup> December 2015, 18<sup>th</sup> January 2016, 20<sup>th</sup> January 2016, 25<sup>th</sup> February 2016 and 17<sup>th</sup> March 2016. The details of the Audit Committee meetings attended by the Members during the year 2015-16, are given below:

Name of the Members	Attendance	(in ₹) Sitting fees
Prof. Samir K. Barua	15/15	7,50,000
Shri K. N. Prithviraj (Term as Non-Executive Director expired on 8 <sup>th</sup> January 2016)	11/11	5,50,000
Shri V. R. Kaundinya <sup>②</sup>	12/15	6,00,000
Shri S. Vishvanathan	15/15	7,50,000
Shri Rakesh Makhija <sup>②</sup> (inducted as Member on 19 <sup>th</sup> January 2016)	2/3	1,00,000

<sup>②</sup> Leave of absence was granted to the concerned Members who expressed their inability to attend the respective meetings.

### (3) Risk Management Committee

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

Smt. Irene Vittal relinquished membership of the Risk Management Committee pursuant to her resignation as an Independent Director of the Bank, with effect from 23<sup>rd</sup> August 2015. Pursuant to the expiry of his term as a Non-Executive Director of the Bank, Shri K. N. Prithviraj relinquished membership of the Risk Management Committee, with effect from the close of business hours on 8<sup>th</sup> January 2016. The Risk Management Committee was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Smt. Ketaki Bhagwati, Independent Director, as a Member.

The Risk Management Committee functions with the following main objectives:

- i. To perform the role of risk management in pursuance of the Risk Management Guidelines issued periodically by RBI and the Board.
- ii. To oversee and advise to the Board on:
  - Defining risk appetite, tolerance thereof and review the same, as appropriate.
  - Systems of risk management framework, internal control and compliance to identify, measure, aggregate, control and report key risks.
  - Alignment of business strategy with the Board's risk appetite; and
  - Maintenance and development of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact on the whole organisation of their actions and decisions.
- iii. To advise the Board on all high level risk matters.
- iv. To obtain regular risk management reports from management which enable the Committee to assess the risks involved in the Bank's business and how they are controlled and monitored by management, and give clear focus to current and forward-looking aspects of risk exposure.
- v. To review the effectiveness of the Bank's internal control and risk management framework, in relation to its core strategic objectives and to seek such assurance as may be appropriate.
- vi. To review the Asset Liability Management (ALM) of the Bank on a regular basis.
- vii. To consider any major regulatory issues that may have bearing on the risks and risk appetite of the Bank.
- viii. To provide to the Board with such additional assurance as it may require regarding the quality of risk information submitted to it.

## CORPORATE GOVERNANCE (CONT.)

- ix. To decide the policy and strategy for integrated risk management containing various risk exposures of the Bank including the credit, market, liquidity, operational and reputation risk; and
- x. To review risk return profile of the Bank, capital adequacy based on the risk profile of the Bank's balance sheet, Basel implementation, assessment of Pillar II risk under Internal Capital Adequacy Assessment Process (ICAAP), business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures.

The Chief Risk Officer (CRO) of the Bank oversees the risk management function, is responsible for developing and setting the risk management framework, developing and maintaining systems and processes to identify, approve, measure, monitor, control and report risks, developing risk controls and mitigation processes, ensuring adherence to the Risk Appetite established by the Board. The CRO of the Bank is independent of the business lines and is actively involved in key decision making processes.

In all, 5 meetings of the Risk Management Committee were held during the year 2015-16 viz. on 26<sup>th</sup> May 2015, 24<sup>th</sup> July 2015, 26<sup>th</sup> October 2015, 19<sup>th</sup> January 2016 and 23<sup>rd</sup> March 2016. The details of the Risk Management Committee meetings attended by the Members during the year 2015-16, are given below:

Name of the Members	Attendance	(in ₹)	Sitting fees
Prof. Samir K. Barua	5/5	2,50,000	
Dr. Sanjiv Misra @	4/5	2,00,000	
Smt. Shikha Sharma @	4/5	-	
Shri K. N. Prithviraj (Term expired w.e.f. the close of business hours on 8 <sup>th</sup> January 2016)	3/3	1,50,000	
Shri Rohit Bhagat @ *	4/5	2,00,000	
Smt. Ireneeta Vittal (resigned w.e.f. 23 <sup>rd</sup> August 2015)	2/2	1,00,000	
Smt. Ketaki Bhagwati (Appointed as Member w.e.f. 19 <sup>th</sup> January 2016)	1/1	50,000	

@ Leave of absence was granted to the concerned Members who expressed their inability to attend the respective meetings.

\* Participated in the meeting held on 26<sup>th</sup> May 2015 through video conference.

### (4) Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Board of Directors of the Bank (Stakeholders Relationship Committee) comprises of majority of Non-Executive Directors. The Members are Shri V. R. Kaundinya, Independent Director (Chairman), Shri V Srinivasan, Deputy Managing Director and Shri B. Babu Rao, Non-Executive Director of the Bank.

The Stakeholders Relationship Committee was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Shri B. Babu Rao, Non-Executive Director, as a Member.

The tenure of Shri Sanjeev Kumar Gupta as a Member of the Stakeholders Relationship Committee ended pursuant to his retirement from the services of the Bank, with effect from close of business hours on 18<sup>th</sup> March 2016.

Shri V. R. Kaundinya, Chairman of the Stakeholders Relationship Committee attended the Twenty First Annual General Meeting of the Shareholders of the Bank. The Company Secretary of the Bank is the Compliance Officer for SEBI/ Stock Exchange related issues, in terms of Regulation 6 of the Listing Regulations.

The primary objective of the Stakeholders Relationship Committee is to look into the redressal of grievances of security holders of the Bank, inter alia relating to non-receipt of dividend/interest, refund order/redemption, transfer/transmission of shares, non-receipt of annual report and other grievances.

In all, 3 meetings of the Stakeholders Relationship Committee were held during the year 2015-16 viz. on 18<sup>th</sup> June 2015, 14<sup>th</sup> October 2015 and 14<sup>th</sup> January 2016. The details of the Stakeholders Relationship Committee meetings attended by the Members during the year 2015-16, are given below:

Name of the Members	Attendance	(in ₹)	Sitting fees
Shri V. R. Kaundinya *	3/3	1,50,000	
Shri B. Babu Rao (Appointed as Member w.e.f. 19 <sup>th</sup> January 2016)	0/0	-	
Shri V. Srinivasan	3/3	-	
Shri Sanjeev Kumar Gupta (upto the close of business hours on 18 <sup>th</sup> March 2016)	3/3	-	

\* Participated in the meeting held on 14<sup>th</sup> January 2016 through video conference.

## **(5) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of the Board of Directors of the Bank (Nomination and Remuneration Committee) comprises entirely of Independent Directors. The Members are Shri Prasad R. Menon (Chairman), Shri V. R. Kaundinya, Prof. Samir K. Barua and Shri Rohit Bhagat.

The Committee was re-constituted by the Board at its meeting held on 24<sup>th</sup> July 2015 by inducting Shri Rohit Bhagat, Independent Director, as a Member.

Pursuant to the expiry of his term as a Non-Executive Director of the Bank, Shri K. N. Prithviraj relinquished membership of the Nomination and Remuneration Committee, with effect from the close of business hours on 8<sup>th</sup> January 2016.

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

The Nomination and Remuneration Committee functions with the following objectives:

### **For Nomination/Governance matters**

To review the structure, size, composition, diversity of the Board and make necessary recommendations to the Board with regard to any changes as necessary and formulation of policy thereon.

- i. 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.
- ii. To examine vacancies that will come up at the Board on account of retirement or otherwise and suggest course of action.
- iii. To advise criteria for evaluation of Independent Directors and the Board and carry out evaluation of every directors' performance.
- iv. To undertake a process of due diligence to determine the suitability of any person for appointment/ continuing to hold appointment as a Director on the Board, based upon qualification, expertise, track record, integrity other 'fit and proper' criteria, positive attributes and independence (if applicable) and formulate the criteria relating thereto.
- v. To review the composition of Committees of the Board and identify and recommend to the Board of Directors who can best serve as members of each Board Committee.

### **For Remuneration/HR matters**

- i. To review and recommend to the Board for approval, the appointment of Managing Director & CEO and the other Whole Time Directors of the Bank and the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors and Key Managerial Personnel), the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & Chief Executive Officer (MD & CEO), other Whole Time Directors and Senior Managers one level below the Board.
- ii. To review and recommend for the approval of the Board the total increase in manpower cost budget of the Bank at an aggregate level, for the next year.
- iii. To recommend to the Board the compensation payable to the Chairman of the Bank.
- iv. To review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank as well as any fundamental changes in organisation structure which could have wide ranging or high risk implications.
- v. To review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other Whole Time Directors, Senior Managers one level below the Board and other key roles and their progression to the Board.

## **CORPORATE GOVERNANCE (CONT.)**

- vi. To review and recommend to the Board for approval:
  - The creation of new positions one level below MD & CEO
  - Appointments, promotions and exits of Senior Managers one level below the MD & CEO
- vii. To set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, the other Whole Time Directors for the financial year and over the medium to long term.
- viii. To review the performance of the MD & CEO and the other Whole Time Directors at the end of each year.
- ix. To review organisation health through feedback from employee surveys conducted on a regular basis.
- x. To perform such other duties as may be required to be done under any law, statute, rules, regulations, etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

In all, 7 meetings of the Nomination and Remuneration Committee were held during the year 2015-16 viz. on 28<sup>th</sup> April 2015, 24<sup>th</sup> July 2015, 10<sup>th</sup> September 2015, 8<sup>th</sup> October 2015, 26<sup>th</sup> October 2015, 19<sup>th</sup> January 2016 and 23<sup>rd</sup> March 2016. The details of the Nomination and Remuneration Committee meetings attended by the Members during the year 2015-16, are given below:

<b>Name of the Members</b>	<b>Attendance</b>	<b>Sitting fees (in ₹)</b>
Shri Prasad R. Menon	7/7	3,50,000
Shri V. R. Kaundinya @	6/7	3,00,000
Prof. Samir K. Barua	7/7	3,50,000
Shri Rohit Bhagat (appointed as Member w.e.f. 24 <sup>th</sup> July 2015)* @	5/6	2,50,000
Shri K. N. Prithviraj (Term expired w.e.f. the close of business hours on 8 <sup>th</sup> January 2016)	5/5	2,50,000

@ Leave of absence was granted to the concerned Members who expressed their inability to attend the respective meetings.

\* Participated in the meetings held on 10<sup>th</sup> September 2015 and 8<sup>th</sup> October 2015 through video conference.

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

The Special Committee of the Board of Directors for Monitoring of Large Value Frauds of the Bank (Special Committee for Monitoring of Large Value Frauds) comprises of majority of Non-Executive Directors (including 2 Independent Directors). The Members are Smt. Shikha Sharma, Managing Director & CEO (Chairperson), Shri V. R. Kaundinya and Prof. Samir K. Barua, Independent Directors, Smt. Usha Sangwan, Non-Executive Director and Shri V Srinivasan, Deputy Managing Director of the Bank.

The Special Committee for Monitoring of Large Value Frauds was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Shri V. Srinivasan, Deputy Managing Director, as a Member.

The tenure of Shri Sanjeev Kumar Gupta as a Member of the Special Committee for Monitoring of Large Value Frauds ended pursuant to his retirement from the services of the Bank, with effect from the close of business hours on 18<sup>th</sup> March 2016.

The major functions of the Special Committee for Monitoring of Large Value Frauds are to monitor and review all the frauds of ₹1 crores and above, so as to:

- i. To identify the systemic lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same.
- ii. To identify the reasons for delay, if any, in detection and reporting of frauds to top management of the Bank and RBI.

- iii. To monitor progress of CBI/Police investigation and recovery position.
- iv. To ensure that staff accountability is examined at all levels in all the cases of frauds and staff related action, if required, is completed quickly without loss of time.
- v. To review the efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls; and
- vi. To put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

In all, 4 meetings of Special Committee for Monitoring of Large Value Frauds were held during the year 2015-16 viz. on 18<sup>th</sup> June 2015, 23<sup>rd</sup> September 2015, 18<sup>th</sup> December 2015 and 17<sup>th</sup> March 2016. The details of the Special Committee for Monitoring of Large Value Frauds meetings attended by the Members during the year 2015-16, are given below:

Name of the Members	Attendance	(in ₹)	Sitting fees
Smt. Shikha Sharma	4/4	-	-
Shri V. R. Kaundinya @	3/4	1,50,000	
Prof. Samir K. Barua	4/4	2,00,000	
Smt. Usha Sangwan	4/4	2,00,000	
Shri. Sanjeev Kumar Gupta (upto the close of business hours on 18 <sup>th</sup> March 2016) @	3/4	-	-
Shri V. Srinivasan (Appointed as Member w.e.f. 19 <sup>th</sup> January 2016)	1/1	-	-

@ Leave of absence was granted to the concerned Members who expressed their inability to attend the respective meetings.

#### **(7) Customer Service Committee**

The Customer Service Committee of the Board of Directors of the Bank (Customer Service Committee) comprises of majority of Non-Executive Directors (including 2 Independent Directors). The Members are Shri Som Mittal, Independent Director (Chairman), Smt. Shikha Sharma, Managing Director & CEO, Prof. Samir K. Barua, Independent Director and Shri B. Babu Rao, Non-Executive Director.

Smt. Ireneeta Vittal relinquished Membership of the Customer Service Committee pursuant to her resignation as an Independent Director of the Bank, with effect from 23<sup>rd</sup> August 2015.

On 13<sup>th</sup> October 2015, Shri Som Mittal was appointed as the Chairman of the Customer Service Committee.

The Customer Service Committee was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Shri B. Babu Rao, Non-Executive Director of the Bank, as a Member.

The Customer Service Committee functions with the following main objectives:

- i. To oversee the functioning of the Bank's internal committee set-up for customer service.
- ii. To review the level of customer service in the Bank including customer complaints and the nature of their resolution.
- iii. To provide guidance in improving the customer service level.
- iv. To review any award by the Banking Ombudsman to any customer on a complaint filed with the Ombudsman.
- v. To ensure that the Bank provides and continues to provide, best-in-class service across all its category of customers which will help the Bank in protecting and growing its brand equity.
- vi. The Committee could address the formulation of a Comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor for operations of his/her account, the product approval process, the annual survey of depositor satisfaction and the triennial audit of such services.
- vii. To examine any other issues having a bearing on the quality of customer service rendered.

## CORPORATE GOVERNANCE (CONT.)

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

In all, 4 meetings of the Customer Service Committee were held during the year 2015-16 viz. on 30<sup>th</sup> April 2015, 25<sup>th</sup> July 2015, 26<sup>th</sup> October 2015 and 20<sup>th</sup> January 2016. The details of the Customer Service Committee meetings attended by the Members during the year 2015-16, are given below:

Name of the Members	Attendance	(in ₹)	Sitting fees
Shri Som Mittal (appointed as Chairman w.e.f. 13 <sup>th</sup> October 2015)	2/2	1,00,000	
Smt. Shikha Sharma	4/4	-	
Prof. Samir K. Barua	4/4	2,00,000	
Shri B. Babu Rao (appointed as Member w.e.f. 19 <sup>th</sup> January 2016)	1/1	50,000	
Smt. Ireena Vittal (resigned w.e.f. 23 <sup>rd</sup> August 2015)	2/2	1,00,000	

### (8) IT Strategy Committee

The IT Strategy Committee of the Board of Directors of the Bank (IT Strategy Committee) comprises of 2 Independent Directors and 2 Whole Time Directors. The Members are Shri Som Mittal, Independent Director (Chairman), Shri Prasad R. Menon, Independent Director, Smt. Shikha Sharma, Managing Director & CEO and Shri V. Srinivasan, Deputy Managing Director of the Bank.

The IT Strategy Committee was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Shri V. Srinivasan, Deputy Managing Director, as a Member.

The tenure of Shri Sanjeev Kumar Gupta as a Member of the IT Strategy Committee ended pursuant to his retirement from the services of the Bank, with effect from the close of business hours on 18<sup>th</sup> March 2016.

The IT Strategy Committee functions with the following main objectives:

- i. To approve IT strategy and policies.
- ii. To ensure that management has an effective strategic planning process in place.
- iii. To ensure that the business strategy is aligned with the IT strategy.
- iv. To ensure that the IT organizational structure serves business requirements and direction.
- v. Oversight over implementation of processes and practices that ensures IT delivers value to businesses.
- vi. To monitor the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing, and use of IT resources.
- vii. To ensure proper balance of IT investments for sustaining the Bank's growth.
- viii. To assess exposure to IT risks and its controls, and evaluating effectiveness of management's monitoring of IT risks.
- ix. To assess management's performance in implementing IT strategies.
- x. To assess if IT architecture has been designed to derive maximum business value.
- xi. To review IT performance measurement and contribution to businesses.
- xii. To approve capital and revenue expenditure in respect of IT procurements.

In all, 4 meetings of IT Strategy Committee were held during the year 2015-16 viz. on 9<sup>th</sup> June 2015, 16<sup>th</sup> September 2015, 16<sup>th</sup> December 2015 and 18<sup>th</sup> March 2016. The details of the IT Strategy Committee meetings attended by the Members during the year 2015-16, are given below:

Name of the Members	Attendance	(in ₹)	Sitting fees
Shri Som Mittal	4/4	2,00,000	
Shri Prasad R. Menon @	3/4	1,50,000	
Smt. Shikha Sharma	4/4	-	
Shri V. Srinivasan (appointed as Member w.e.f. 19 <sup>th</sup> January 2016)	1/1	-	
Shri Sanjeev Kumar Gupta (upto the close of business hours on 18 <sup>th</sup> March 2016)	4/4	-	

@ Leave of absence was granted to the concerned Member who expressed his inability to attend the respective meeting.

**(9) Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee of the Board of Directors of the Bank (CSR Committee) comprises of two Non-Executive Directors. The Members are Shri Som Mittal, Independent Director (Chairman), Smt. Usha Sangwan, Non-Executive Director and Shri V. Srinivasan, Deputy Managing Director of the Bank.

The CSR Committee functions with the following main objectives:

- i. To formulate and recommend to the Board, the Corporate Social Responsibility (CSR) strategy of the Bank including the CSR Policy and its implementation such that the Bank's social, environmental and economic activities are aligned.
- ii. To formulate and recommend to the Board, the CSR activities to be undertaken by the Bank either directly or through Axis Bank Foundation and determining the CSR projects/programmes which the Bank plans to undertake during the year of implementation, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.
- iii. To recommend the amount of expenditure to be incurred on the CSR activities.
- iv. To review and monitor the compliance of initiatives undertaken and evaluate performance of the activities against the agreed targets.
- v. To conduct an impact-assessment of the various initiatives undertaken in terms of the CSR Policy at periodic intervals.
- vi. To institute a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/ activities proposed to be undertaken by the Bank.
- vii. To review and recommend the annual CSR report for the Board's approval and for public disclosure.
- viii. To perform such other duties with respect to CSR activities, as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

The details of the CSR activities undertaken by the Bank during the year under review have been provided in annexure to the Directors' report.

In all, 2 meetings of CSR Committee were held during the year 2015-16 viz. on 24<sup>th</sup> April 2015 and 16<sup>th</sup> September 2015. The details of the CSR Committee meetings attended by the Members during the year 2015-16, are given below:

Name of the Members	Attendance	(in ₹)	Sitting fees
Shri Som Mittal	2/2	1,00,000	
Smt. Usha Sangwan <sup>②</sup>	1/2	50,000	
Shri V. Srinivasan	2/2	-	

<sup>②</sup> Leave of absence was granted to the concerned Member who expressed her inability to attend the meeting.

**(10) Review Committee (erstwhile Grievance Redressal Committee)**

The Review Committee of the Board of Directors of the Bank (Review Committee) comprises of majority of Independent Directors. The Members are Smt. Shikha Sharma, Managing Director & CEO (Chairperson), Shri V. R. Kaundinya and Shri S. Vishvanathan, Independent Directors of the Bank. The nomenclature of the Committee was changed to Review Committee, with effect from 24<sup>th</sup> July 2015.

The Review Committee functions with the following main objectives:

- i. To review and confirm the decisions of the Committee headed by Executive Director, classifying a borrower as Willful Defaulter.

## **CORPORATE GOVERNANCE (CONT.)**

- ii. To review and confirm the decisions of the Committee headed by Executive Director, classifying a borrower as Non-cooperative borrower.

In all, 2 meetings of Review Committee were held during the year 2015-16 viz. on 23<sup>rd</sup> June 2015 and 16<sup>th</sup> March 2016. The details of the Review Committee meetings attended by the Members during the year 2015-16, are given below:

Name of the Members	Attendance	Sitting fees (in ₹)
Smt. Shikha Sharma	2/2	-
Shri V. R. Kaundinya	2/2	1,00,000
Shri S. Vishvanathan *	2/2	1,00,000

\* Participated in the meeting held on 23<sup>rd</sup> June 2015 through video conference.

### **(11) Acquisitions, Divestments and Mergers Committee**

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

Smt. Ireneeta Vittal relinquished Membership of the Committee pursuant to her resignation as an Independent Director of the Bank, with effect from 23<sup>rd</sup> August 2015. The ADAM Committee was re-constituted by the Board at its meeting held on 27<sup>th</sup> October 2015 by inducting Shri Rohit Bhagat, Independent Director, as a Member. The ADAM Committee was further re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Shri Rakesh Makhija, Independent Director, as a Member.

The main function of the ADAM Committee is to discuss and consider any proposals for merger and acquisition. This Committee also considers and give its in-principle approval for acquisition of greater than 25% stake in a company, acquisition of stake in a company where the proportion is 25% or lower but where the Bank intends to have management participation, strategic divestments - sale of an existing business of the Bank, acquisition of business – business takeover/acquisition as distinct from portfolio or asset purchase and sale of stake (including minority stake) in strategic investments/ subsidiaries.

No meeting of the ADAM Committee was held during the year under review.

### **(12) Committee of Whole-Time Directors**

The Committee of Whole-Time Directors of the Board of Directors of the Bank (Committee of Whole-Time Directors) comprises of Smt. Shikha Sharma, Managing Director & CEO (Chairperson) and Shri V Srinivasan, Deputy Managing Director of the Bank.

The tenure of Shri Sanjeev Kumar Gupta as a Member of the Committee of Whole-Time Directors ended pursuant to his retirement from the services of the Bank, with effect from close of business hours on 18<sup>th</sup> March 2016.

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

In all, 8 meetings of Committee of Whole-Time Directors were held during the year 2015-16 viz. on 30<sup>th</sup> April 2015, 18<sup>th</sup> June 2015, 28<sup>th</sup> July 2015, 31<sup>st</sup> August 2015, 28<sup>th</sup> October 2015, 23<sup>rd</sup> December 2015, 28<sup>th</sup> January 2016 and 4<sup>th</sup> March 2016. No sitting fees are paid to the Members of the Committee of Whole-Time Directors.

### **Special Meeting of Independent Directors**

The Independent Directors of the Bank met on 18<sup>th</sup> January 2016 without the presence of the Managing Director & CEO, the Whole-time Directors, the Non-Independent Directors and the Senior Management of the Bank. The Independent Directors amongst themselves elected Shri V. R. Kaundinya as the Chairman for the said meeting.

All the Independent Directors attended the said meeting in person. The Independent Directors of the Bank reviewed the performance of Non-Independent Directors and the Board as a whole and of the Chairman of the Bank, taking into account the views of the Executive and Non-Executive Directors. The Independent Directors also assessed the quality, quantity and timeliness of flow of information between the Management and the Board and its Committee's which is necessary to effectively and reasonably perform and discharge their duties.

The Chairman of the said meeting, conveyed the recommendations of the Independent Directors to the Management of the Bank for the necessary action. No sitting fee was paid for the said meeting.

### **Remuneration Policy**

The Bank has formulated and adopted the Remuneration Policy for the Directors, Key Managerial Personnel and other Employees of the Bank, in terms of Section 178 of the Companies Act, 2013, Rules made thereunder, Regulation 19 of the Listing Regulations and Guidelines issued by the RBI, in this regard, from time to time.

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

The Bank strives to ensure that the compensation systems are in line with the emerging compensation regulations as applicable.

### **Remuneration of Directors**

- i. Dr. Sanjiv Misra was appointed as the Non-Executive Chairman of the Bank for a period of 3 years with effect from 8<sup>th</sup> March 2013. The details of remuneration paid to Dr. Sanjiv Misra for the period 1<sup>st</sup> April 2015 upto 7<sup>th</sup> March 2016, in terms of the approval granted by the RBI, the Shareholders of the Bank, are as under:

Particulars	Amount
Remuneration	: ₹27,50,000 per annum
Company Car	: Free use of Bank's car for official and private purposes
Touring	: Travelling and official expenses to be borne by the Bank for Board functions as a Chairman
Sitting fees	: As payable to other Non-Executive Directors

The term of Dr. Sanjiv Misra as the Non-Executive Chairman of the Bank expired on 7<sup>th</sup> March 2016. In terms of the letter dated 8<sup>th</sup> March 2016 received from the Administrator of the Specified Undertaking of Unit Trust of India (SUUTI), the Board of Directors of the Bank on 10<sup>th</sup> March 2016, approved the re-appointment of Dr. Sanjiv Misra as the Non-Executive Chairman of the Board, for a period of three months, with effect from 8<sup>th</sup> March 2016, on the following terms and conditions, subject to the approval of the RBI and the Shareholders of the Bank.

Particulars	Amount
Remuneration	: ₹2,29,166 per month
Company Car	: Free use of Bank's car for official and private purposes
Touring	: Travelling and official expenses to be borne by the Bank for Board functions as a Chairman
Sitting fees	: As payable to other Non-Executive Directors

- ii. Smt. Shikha Sharma was re-appointed as the Managing Director & CEO of the Bank, for a period of three years, w.e.f. 1<sup>st</sup> June 2015. The Bank revised the remuneration of Smt. Shikha Sharma as the Managing Director & CEO of the Bank during the year and has received the approval of RBI and the Shareholders of the Bank for the same. The details of remuneration paid to Smt. Shikha Sharma during the year under review are given below in sub-para vii.

Smt. Shikha Sharma was granted 64,00,000 options in various tranches under the various Employee Stock Option Schemes of the Bank, since 1<sup>st</sup> June 2009 being the date of her appointment as the Managing Director & CEO of the Bank. Out of the above, 43,12,500 options have been vested, 21,75,000 options have been exercised and the balance 21,37,500 options remain unexercised, as on 31<sup>st</sup> March 2016. Further, 20,87,500 options remain unvested, as on 31<sup>st</sup> March 2016.

## CORPORATE GOVERNANCE (CONT.)

- iii. The Board of Directors of the Bank at its meeting held on 24<sup>th</sup> July 2015 had approved the re-appointment of Shri V. Srinivasan as the Executive Director & Head (Corporate Banking) of the Bank, for a period of three years, with effect from 15<sup>th</sup> October 2015, subject to the approval of the RBI and the Shareholders of the Bank.

Thereafter, the Board of Directors of the Bank at its meeting held on 27<sup>th</sup> October 2015 re-designated Shri V. Srinivasan as the Deputy Managing Director of the Bank, on the existing terms and conditions. The RBI approved the re-designation of Shri V. Srinivasan as the Deputy Managing Director of the Bank, for a period of three years, with effect from 21<sup>st</sup> December 2015 and the terms and conditions thereof. The approval of the Shareholders of the Bank for the same will be obtained at the 22<sup>nd</sup> Annual General Meeting.

The details of remuneration paid to Shri V. Srinivasan during the year under review are given below in sub-para vii.

Shri V. Srinivasan was granted 30,75,000 options, in various tranches under the various Employee Stock Option Schemes of the Bank, since 7<sup>th</sup> September 2009 being the date of his appointment as the Executive Director & Head (Corporate Banking) of the Bank. Out of the above, 19,37,500 options have been vested, 9,82,500 options have been exercised and the balance 9,55,000 options remain unexercised, as on 31<sup>st</sup> March 2016. Further, 11,37,500 options remain unvested, as on 31<sup>st</sup> March 2016.

- iv. Shri Sanjeev Kumar Gupta, Executive Director (Corporate Centre) of the Bank had retired from the services of the Bank, with effect from the close of business hours on 18<sup>th</sup> March 2016. The details of remuneration paid to Shri Sanjeev Kumar Gupta during the period under review are given below in sub-para vii.

Shri Sanjeev K. Gupta was granted 18,40,250 options, in various tranches under the various Employee Stock Option Schemes of the Bank, since 24<sup>th</sup> February 2001. Out of the above, 10,37,750 options have been vested and duly exercised by him, as on 31<sup>st</sup> March 2016. Further, 8,02,500 options remain unvested, as on 31<sup>st</sup> March 2016.

- v. The Bank does not grant Stock Options to its Non-Executive Directors. They are eligible to receive sitting fees for the meetings of the Board / Committees, attended by them and profit linked commission, in terms of the RBI circular dated 1<sup>st</sup> June 2015 on payment of compensation to Non-Executive Directors (other than Non-Executive Chairman) of Private Sector Banks.
- vi. The Whole-Time Directors of the Bank are not entitled to receive any remuneration from its subsidiary companies.
- vii. The details of remuneration paid to the Whole-Time Directors of the Bank during the financial year 2015-16, are as under:

	(in ₹)		
	Smt. Shikha Sharma	Shri V. Srinivasan	Shri Sanjeev Kumar Gupta
<b>For the Period</b>	<b>1.4.2015 to 31.3.2016</b>	<b>1.4.2015 to 31.3.2016</b>	<b>1.4.2015 to 18.3.2016</b>
Salary (Basic)	2,51,40,996	1,73,06,426	1,04,45,985
Fixed Allowance	-	-	-
Leave Fare Concession facility	1,32,916	5,49,996	-
House Rent Allowance	83,92,818	42,33,336	40,79,572
Variable pay	1,12,58,155	89,61,455	33,16,479
Leave Travel Allowance	12,26,500	-	5,30,464
Superannuation Allowance	-	17,30,641	8,94,601
Medical Reimbursement/Allowance	-	1,36,013	-
Medical through Voucher	92,696	-	9,12,687
Perks (excluding ESOP)	24,79,109	40,692	2,71,358
Furnishing Reimbursement /Allowance	20,00,000	41,370	12,00,000
Utility Reimbursement/Allowance	89,676	2,79,121	32,530
Utility through Voucher	2,77,823	95,484	-
Superannuation/ Allowance	10% of Basic Pay (Provision mode)	Cash Out	10% of Basic Pay (Provision mode)
Provident Fund (Bank Contribution)	30,16,920	20,76,771	12,53,518
Gratuity	-	-	1,98,60,990

Perquisites (evaluated as per Income Tax Rules, 1962, wherever applicable, or otherwise at actual cost to the Bank) such as the benefit of the Bank's furnished accommodation, electricity, water and furnishings, club fees, personal accident insurance, loans, use of car and telephone at residence, leave encashment, medical reimbursement, travelling and halting allowances, newspapers and periodicals, and others were provided in accordance with the Rules of the Bank. The Bank does not pay any severance fees to its Managing Director or to its Whole-Time Directors. The tenure of the office of the Managing Director & CEO and the Whole-time Directors of the Bank is three years from their date of appointment, and can be terminated by either party by giving three months' notice in writing.

- viii. All the Non-Whole-Time Directors of the Bank were paid sitting fees of ₹1,00,000 for every meeting of the Board and ₹50,000 for every meeting of the Committees of Board of Directors, attended by them. During the year 2015-16, an amount aggregating to ₹1,31,50,000 was paid to the Non-Whole-Time Directors of the Bank, towards sittings fees in respect of the meetings of the Board/ Committees thereof attended by them, detailed as under.

Name of Director	(in ₹)
Dr. Sanjiv Misra	7,00,000
Shri K. N. Prithviraj (ceased to be a Director w.e.f. the close of business hours on 8 <sup>th</sup> January 2016)	16,00,000
Shri V. R. Kaundinya	18,00,000
Shri Prasad R. Menon	15,00,000
Prof. Samir K. Barua	22,50,000
Shri Som Mittal	8,00,000
Smt. Ireneeta Vittal (resigned as Director w.e.f. 23 <sup>rd</sup> August 2015)	5,00,000
Shri Rohit Bhagat	9,50,000
Smt. Usha Sangwan	4,50,000
Shri S. Vishvanathan	18,50,000
Shri Rakesh Makhija (appointed as Independent Director w.e.f. 27 <sup>th</sup> October 2015)	3,00,000
Smt. Ketaki Bhagwati (appointed as Independent Director w.e.f. 19 <sup>th</sup> January 2016)	3,00,000
Shri B. Babu Rao (appointed as Non-Executive Director w.e.f. 19 <sup>th</sup> January 2016)	1,50,000
<b>Total</b>	<b>1,31,50,000</b>

None of the Non-Whole-Time -Directors of the Bank holds any equity shares of the Bank as on 31<sup>st</sup> March 2016, except for Shri V. R. Kaundinya and his relatives, who holds 14,200 equity shares of ₹ 2 each of the Bank.

### Evaluation of Board's Performance

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

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board had adopted a formal mechanism for evaluating the performance of its Committees, Independent Directors, Non Independent Directors and the Chairman of the Board. The evaluation was conducted on the various aspects of the Board's functioning such as Strategic alignment and direction, Engagement alignment, Composition & structure, Dynamics & culture, Ethics & corporate citizenship, Board support, Performance of all Committees, Self evaluation and Attendance.

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

The Board of Directors of the Bank were satisfied with the evaluation results, which reflected the overall engagement and effectiveness of the Board and that of its Committees.

### Familiarisation Programme for Independent Directors

The Bank has conducted the familiarisation programme for its Independent Directors covering the matters as specified under Regulation 25 (7) of the Listing Regulations. The details of the same have been hosted on the website of the Bank at <http://www.axisbank.com/investor-corner/corporate-governance.aspx>.

## **CORPORATE GOVERNANCE (CONT.)**

The new Directors are inducted through one to one meetings with the Managing Director & CEO, Whole-time Directors and Group Executives and they are also briefed by the Senior Management on issues relating to business strategy, regulatory environment, business plans and key performance indicators. The new Directors are also provided with information relating to the finances and operations of the Bank, the organization structure and their roles, duties and responsibilities.

On appointment, the Independent Directors are issued a Letter of Appointment setting out the terms and conditions relating to their appointment and their duties and responsibilities under applicable laws.

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

The Bank has formulated and adopted a policy on prevention of sexual harassment at workplace and takes all necessary measures to ensure a harassment-free workplace and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment. The Bank believes that all employees, including other individuals who are dealing with the Bank have the right to be treated with dignity.

The following is a summary of sexual harassment complaints received and disposed off during the Financial Year 2015-16:

- (a) Number of complaints of sexual harassment received during the year - **32**
- (b) Number of complaints disposed off during the year – **32**
- (c) Number of cases pending for more than 90 days – **NIL**
- (d) Number of workshops/awareness programme against sexual harassment carried out – **2**

Nature of action taken by the Employer or District Officer – 1 employee has been issued warning letter and 2 employees have separated.

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

### **Whistleblower Policy & Vigil Mechanism**

A central tenet in the Bank's Policy on Corporate Governance is commitment to ethics, integrity, accountability and transparency. To ensure that the highest standards are maintained in these aspects on an on-going basis and to provide safeguards to various stakeholders, the Bank has formulated a Whistleblower Policy and Vigil Mechanism which is in compliance with the relevant provisions of Section 177(9) of the Companies Act, 2013, Rules made thereunder and Regulation 4(2)(d) of the Listing Regulations. The Policy provides an opportunity to address serious concerns arising from irregularities, malpractices and other misdemeanors committed by the Bank's personnel by approaching a Committee set-up for the purpose (known as the Whistleblower Committee). In case, Senior Management commits an offence, the Policy enables the Bank's staff to report the concerns directly to the Chairman of the Audit Committee of the Board. The Policy is intended to encourage reporting of suspected or actual occurrence of illegal, unethical or inappropriate actions, behaviour or practices by staff without fear of retribution. This Policy can be used regularly as a tool to voice concerns on irregularities, malpractices and other misdemeanors. To ensure smooth flow and management of complaints under Whistleblower Policy, a web-based application - 'Corporate Whistleblower' has been set up which also provides an option for anonymous reporting thereby enabling lodging of complaints online over a secure platform without fear of revelation of identity. This would create a business culture of honesty, integrity and compliance and would encourage speaking up so that preventive action is initiated. It is hereby affirmed that the Bank has not denied any of its personnel access to the Chairman of the Audit Committee of the Board and that the Policy contains adequate provisions protecting Whistleblowers from unfair termination and other unfair prejudicial and employment practices. The Audit Committee of the Board reviews, on a quarterly basis, a synopsis of the complaints received and the resolution thereof under the said Policy.

The details of the Whistleblower Policy and Vigil Mechanism are available on the Bank's website at <http://www.axisbank.com/code-commitment-customers.aspx>.

### **Subsidiary Companies**

The Bank does not have any unlisted Indian subsidiary company which could be deemed to be a material subsidiary, in terms of Regulation 16(1)(c) of the Listing Regulations. Further, the minutes of the meetings of the unlisted subsidiary companies of the Bank are tabled at the meetings of the Board of Directors of the Bank for its review, Statement of significant transactions/arrangements entered into by the unlisted subsidiary companies are also tabled at the meetings of the Board of Directors of the Bank, for its review.

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

As required under Regulation 16(1)(c) of the Listing Regulations, the Bank has formulated and adopted a Policy for determining 'Material' Subsidiaries, which has been hosted on its website at <http://www.axisbank.com/download/Policy-for-determining-material-subsidiary.pdf>.

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

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

### **Prevention of Insider Trading**

The Board of Directors of the Bank has formulated and adopted the Code of Conduct to Regulate, Monitor and Report Trading by Insiders (The Code) and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) in line with the standards prescribed under Schedule B of the Securities of Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("Insider Trading Regulations").

The Code prohibits all Designated Persons, Connected Persons and Other Connected Persons from entering into any trade during the blackout period. The commencement and closure of the blackout period(s) is notified by the Compliance Officer of the Bank through e-mail/ SMS/ Human Resources Management System (HRMS).

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

### **3. Disclosures**

There were no transactions which were of a materially significant nature undertaken by the Bank with its promoters, directors or management, their subsidiaries or relatives that may have a potential conflict with the interests of the Bank.

The Members of the Senior Management of the Bank have affirmed that they have not entered into any material, financial or commercial transaction where they have personal interest and which may potentially conflict with the interest of the Bank at large.

There are no instances of non-compliance by the Bank or penalties and strictures imposed by the Stock Exchanges or SEBI or other statutory authorities on any matter related to capital markets during the last three years, other than the following:

- The inspection of depository services (CDSL & NSDL) was conducted by Securities and Exchange Board of India (SEBI) in September, 2013. Subsequently, SEBI vide their letter dated 7<sup>th</sup> March 2014 had issued administrative warning to the Bank in respect of four instances where the date of execution of power of attorney (PoA) was one day prior to the account activation date as per DPM system and certain clauses of the PoA were not consistent with SEBI circulars on PoA.

## **CORPORATE GOVERNANCE (CONT.)**

### **4. Compliance**

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

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

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

### **5. Code of Conduct**

The Board of Directors of the Bank has formulated and adopted a Code of Conduct which is applicable to all the Directors and Members of the Senior Management of the Bank. The said Code has been hosted on the website of the Bank, [www.axisbank.com](http://www.axisbank.com).

A certificate issued by the Managing Director & CEO of the Bank confirming that all the Directors and Members of the Senior Management of the Bank have complied with the said Code is annexed to this Report.

## GENERAL SHAREHOLDER INFORMATION

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

### 22<sup>nd</sup> Annual General Meeting

Day/ Date : Friday, 22<sup>nd</sup> July 2016

Time : 10.00 A.M. (IST)

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

### Financial Year

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

### Compliance Calendar

The schedule in respect of the meetings of the Board proposed to be convened during the financial year 2016-17 to inter alia review and approve the unaudited/audited financial results of the Bank, in terms of Regulation 33(3)(a) and (d) of the Listing Regulations, is as under:

Meeting	Purpose	Venue	Tentative Date
Board of Directors	Financial Results for the year ended 31 <sup>st</sup> March 2016	Corporate Office	26 <sup>th</sup> April 2016
Board of Directors	Financial Results for the quarter ending 30 <sup>th</sup> June 2016	Ahmedabad	22 <sup>nd</sup> July 2016
Board of Directors	Financial Results for the quarter ending 30 <sup>th</sup> September 2016	Corporate Office	25 <sup>th</sup> October 2016
Board of Directors	Financial Results for the quarter ending 31 <sup>st</sup> December 2016	Corporate Office	20 <sup>th</sup> January 2017
Board of Directors	Financial Results for the year ending 31 <sup>st</sup> March 2017	Corporate Office	Last Week of April 2017

The said financial results of the Bank as reviewed and approved by the Board is disclosed to the Stock Exchange(s) within thirty minutes from the conclusion of the Board meeting, in terms of Regulation 30 of the Listing Regulations read with sub-para 4 of Para A of Part A of Schedule III of the Listing Regulations.

### Payment of Dividend

The Board of Directors of the Bank at its Meeting held on 26<sup>th</sup> April 2016 has recommended payment of dividend of ₹5/- per equity share of ₹2/- each of the Bank, for the financial year ended 31<sup>st</sup> March 2016, for the approval of the Members at the 22<sup>nd</sup> Annual General Meeting, as against ₹4.60/- per equity share of ₹2/- each of the Bank, for the previous year. The payment of dividend, if approved by the Members at the 22<sup>nd</sup> Annual General Meeting, will commence on 25<sup>th</sup> July 2016 and is expected to be completed by 31<sup>st</sup> July 2016.

### Book Closure and Record Date

Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014, the Register of Members and the Share Transfer Books of the Bank will remain closed from Saturday, 9<sup>th</sup> July 2016 to Friday, 22<sup>nd</sup> July 2016 (both days inclusive) for the purpose of payment of dividend for the financial year 2015-16.

The Dividend of ₹5/- per equity share of ₹2/- each, if approved by the Members at the 22<sup>nd</sup> Annual General Meeting, will be paid to those Members, whose name appears in the Register of Members of the Bank/ the Statements of Beneficial Ownership received from the Depositories, as at the close of business hours on Friday, 8<sup>th</sup> July 2016.

### Unclaimed Dividends

Pursuant to Section 205C of the Companies Act, 1956, dividends that are lying unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account, is liable to be transferred to the Investors' Education & Protection Fund (IEPF) administered by the Central Government.

## CORPORATE GOVERNANCE (CONT.)

The details of the unclaimed dividends as on 31<sup>st</sup> March 2016 and the last date for claiming the same, prior to its transfer to the IEPF, are as under:

Financial year	No. of Members	Unclaimed dividend as on 31 <sup>st</sup> March 2016 (In ₹)	% to total dividend declared	Total Amount of Dividend Declared (In ₹)	Date of declaration	Last date for claiming dividend prior to its transfer to the IEPF
2008-09	6232	48,96,170	0.14	3,59,44,16,070	01.06.2009	06.07.2016
2009-10	4763	55,87,812	0.11	4,88,32,91,748	08.06.2010	13.07.2017
2010-11	4765	55,34,382	0.10	5,76,37,96,262	17.06.2011	22.07.2018
2011-12	5782	63,92,288	0.10	6,62,86,55,136	22.06.2012	27.07.2019
2012-13	4020	66,29,670	0.08	8,44,07,35,212	19.07.2013	24.08.2020
2013-14	3311	70,93,800	0.08	9,42,60,65,680	27.06.2014	01.08.2021
2014-15	6561	92,22,443	0.08	10,92,77,37,331	24.07.2015	29.08.2022
<b>Total</b>		<b>4,53,56,565</b>		<b>49,66,46,97,439</b>		

Accordingly, the concerned persons are requested to verify the details of their unclaimed dividends and lodge their claim with the Bank/Karvy Computershare Private Limited (Karvy), the Registrar and Share Transfer Agent of the Bank, before it is due for transfer to the IEPF.

The Bank has also written to the concerned shareholders requesting them to claim their dividends, before it is due for transfer to the IEPF as aforesaid, failing which no further claim shall lay against the Bank or the IEPF after the said transfer.

As per the provisions of Section 205C of the Companies Act, 1956, the unclaimed dividend amounting to ₹26,75,154 in respect of the financial year 2007-08 had been transferred to the IEPF on 28<sup>th</sup> July 2015. Further, the unclaimed dividend in respect of the financial year 2008-09 must be claimed by the concerned shareholders on or before 6<sup>th</sup> July 2016, as it is liable to be transferred to the IEPF within a period of 30 days from the said date.

### Equity Shares

The equity shares of the Bank are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) and are tradable on all other recognized stock exchanges in India. The International Security Identification Number (ISIN) in respect of the said equity shares is INE238A01034. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) are the Depositories for the equity shares of the Bank. The equity shares of the Bank have not been suspended from trading on the Stock Exchanges by any regulatory/ statutory authority.

Stock Exchange Codes	Reuters Codes	Bloomberg Codes
NSE - AXISBANK	NSE - AXISBANK.NS	NSE - AXSB IS
BSE - 532215	BSE - AXISBANK.BO	BSE - AXSB IB

### Global Depository Receipts (GDR)

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

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

The annual listing fees for the financial year 2016-17 have been paid by the Bank to the said Stock Exchanges.

### Debt Securities

The Non-Convertible Debentures of the face value of ₹10 lacs (NCDs) issued by the Bank on a private placement basis are listed for trading on the Wholesale Debt Market segment of the BSE and NSE. The Bonds issued by the Bank under the MTN program are listed on the Singapore Stock Exchange.

**Debenture Trustees****IDBI Trusteeship Services Limited**

Asian Building, Ground Floor,  
17, R. Kamani Marg,  
Ballard Estate, Mumbai – 400 001.  
Phone No. +9122 – 4080 7000.

**SBI Cap Trustee Company Limited**

6<sup>th</sup> Floor, Apeejay House, 3,  
Dinshaw Wachha Road,  
Churchgate, Mumbai - 400 020  
Phone No. +9122 - 4302 5555.

**Market Price Data****a. Equity Shares**

The price of the Bank's Share - High, Low during the last financial year on NSE and BSE, are given below:

Month	NSE			BSE		
	High (₹)	Low (₹)	No. of Shares traded	High (₹)	Low (₹)	No. of Shares traded
April, 2015	582.40	507.00	13,56,35,991	582.00	507.20	1,79,28,185
May, 2015	587.30	523.30	11,05,19,790	587.00	523.45	1,34,57,609
June, 2015	588.90	538.55	13,19,63,430	589.45	538.50	1,73,26,854
July, 2015	613.45	550.45	15,13,81,278	613.40	550.40	2,16,19,494
August, 2015	589.50	475.10	14,01,08,503	589.65	476.25	1,44,17,846
September, 2015	534.70	446.75	19,68,79,676	535.00	447.50	1,58,27,859
October, 2015	532.70	465.00	20,72,77,962	532.45	465.20	1,77,16,543
November, 2015	487.20	445.90	17,06,53,879	487.35	446.00	1,25,74,083
December, 2015	471.35	429.50	17,74,18,271	471.00	429.05	1,14,60,043
January, 2016	452.90	366.75	23,89,79,496	452.70	366.65	2,02,35,563
February, 2016	422.50	373.30	31,69,59,771	422.40	373.30	4,65,68,739
March, 2016	449.00	380.10	18,23,95,017	448.60	379.50	1,36,67,474

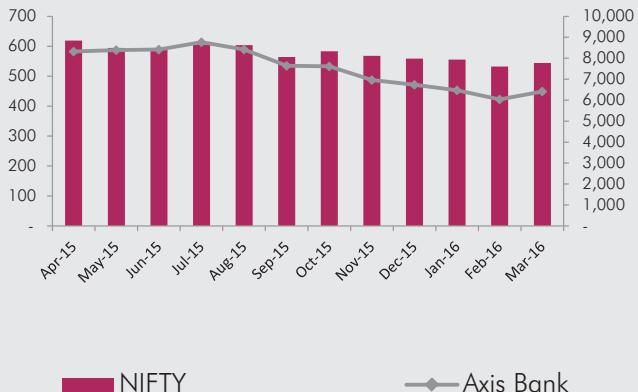
**b. GDR**

The high and low closing prices of the Bank's GDRs traded during the last financial year on the LSE, are given below:

Month	High (In USD)	Low (In USD)	No. of GDRs traded
April, 2015	47.45	39.65	12,30,000
May, 2015	46.55	39.90	9,82,380
June, 2015	46.31	41.75	9,25,880
July, 2015	48.60	42.20	11,40,000
August, 2015	46.25	34.30	19,50,000
September, 2015	40.35	33.00	23,00,000
October, 2015	41.10	35.55	21,80,000
November, 2015	37.40	33.52	12,00,000
December, 2015	35.00	31.70	12,70,000
January, 2016	33.15	27.00	17,10,000
February, 2016	31.10	27.29	16,30,000
March, 2016	33.90	28.18	23,53,000

## CORPORATE GOVERNANCE (CONT.)

### Performance in Comparison to Nifty



### Performance in Comparison to Sensex



### Unclaimed Shares

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

Details of the unclaimed shares as on 31<sup>st</sup> March 2016 and 31<sup>st</sup> March 2015, are as follows:

Particulars	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
Aggregate number of shareholders at the beginning of the year	29	29
Total outstanding shares in Unclaimed Suspense Account at the beginning of the year	18,000	18,000
Number of shareholders who approached the issuer for transfer of shares from Unclaimed Suspense Account during the year	-	-
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	-	-
Aggregate number of shareholders at the end of the year	29	29
<b>Total outstanding shares in Unclaimed Suspense Account at the end of the year</b>	<b>18,000</b>	<b>18,000</b>

In terms of the said Schedule, all corporate benefits in terms of securities accruing on the said unclaimed shares viz. bonus shares, split, etc., if any, has been credited to the said Unclaimed Suspense Account. Further, voting rights on the said unclaimed shares lying in the said Unclaimed Suspense Account have been frozen till the rightful owner claims such shares.

The concerned shareholder(s) are requested to write to Karvy to claim the said equity shares. On receipt of such claim, Karvy may call for additional documents. Subject to its receipt and verification, Karvy may either transfer the said equity shares lying in the said Unclaimed Suspense Account to the depository account provided by the concerned shareholder(s) or deliver the physical share certificate(s) after rematerializing the same as directed by the shareholder(s), to his address registered with Karvy.

### Dematerialization of Shares and Liquidity

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

As on 31<sup>st</sup> March 2016, 99.64% of the total issued and paid up equity share capital of the Bank was held by investors in electronic form and the balance equity share capital was held in physical form.

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

	2015-16	2014-15	2013-14
Number of transfer deeds	202	285	282
Number of equity shares transferred	54,500	63,000	15,78,100

As required under Regulation 40(9) of Listing Regulations, M/s. Ahalada Rao. V & Associates, Practicing Company Secretaries, (C. P. No. 11497), Hyderabad have examined the records relating to share transfer deeds, memorandum of transfers, registers, files and other related documents on a half-yearly basis and has issued a certificate confirming compliance with the provisions of the said Regulations. The certificate has been forwarded to the BSE and NSE where the Bank's equity shares are listed, in terms of the Listing Regulations and also placed before the Stakeholders Relationship Committee of the Board of Directors, for its noting.

### Distribution of Shareholding as on 31<sup>st</sup> March 2016

No. of shares held	Physical Form		Electronic Form		Total		
	No. of shareholders	No. of shares	No. of shareholders	No. of shares	No. of shareholders	No. of shares	% to capital
1 – 5,000	9,157	79,63,870	4,97,807	8,90,72,907	5,06,964	9,70,36,777	4.07
5,001 – 10,000	31	2,20,825	1,661	1,20,12,268	1,692	1,22,33,093	0.51
10,001 – 20,000	7	95,000	891	125,66,342	898	1,26,61,342	0.53
20,001 – 30,000	3	71,500	362	89,05,578	365	89,77,078	0.38
30,001 – 40,000	0	0	207	71,89,133	207	71,89,133	0.30
40,001 – 50,000	2	99,500	147	66,11,878	149	67,11,378	0.28
50,001 – 1,00,000	1	65,000	346	2,46,98,645	347	2,47,63,645	1.04
1,00,000 and above	1	1,02,000	936	2,21,31,57,380	937	2,21,32,59,380	92.89
Total	9,202	86,17,695	5,02,357	2,37,42,14,131	5,11,559	2,38,28,31,826	100.00

### Major Shareholders

Details of the Shareholders holding 1% or more of the total issued and paid-up share capital of the Bank as on 31<sup>st</sup> March 2016, are as under:

Sr. No	Name of the Shareholder	No. of Shares held	% to total paid up capital
1.	Life Insurance Corporation of India	34,88,60,225	14.64
2.	Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	27,48,40,905	11.53
3.	The Bank of New York Mellon, DR	7,99,57,720	3.36
4.	ICICI Prudential Life Insurance Company Limited	6,75,59,849	2.84
5.	Credit Suisse (Singapore) Limited	4,17,38,863	1.75
6.	General Insurance Corporation of India	4,05,95,000	1.70
7.	Cinnamon Capital Limited	3,75,36,095	1.58
8.	Government Pension Fund Global	3,51,01,342	1.47
9.	Lazard Asset Management LLC A/C Lazard Emerging Markets Portfolio	2,69,63,374	1.13
10.	The New India Assurance Company Limited	2,61,03,585	1.10
11.	Centaura Investments (Mauritius) PTE Limited	2,55,47,908	1.07
12.	Goldman Sachs (Singapore) PTE	2,43,14,586	1.02
Total		1,02,91,19,452	43.19

### Outstanding GDR

The Bank has in the course of international offerings to overseas investors, issued securities linked to ordinary equity shares of the Bank in the form of Global Depository Receipts (GDRs) in March/April 2005, July 2007 and September 2009. The said GDRs have been listed and traded on the London Stock Exchange. The Bank has simultaneously issued the underlying equity shares of the Bank in the form of GDRs to overseas investors. The underlying equity shares have been listed and permitted to be traded on the NSE and BSE. The number of outstanding GDRs as on 31<sup>st</sup> March 2016 was 7,99,57,720.

Apart from the above, the Bank has not issued any ADRs/Warrants or any other convertible instruments.

## CORPORATE GOVERNANCE (CONT.)

### Investor Services

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

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

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

The shareholders are requested to write to the Registered Office of the Bank or to Karvy for availing any of the said services. In terms of Regulation 34(3) read with Schedule V of the Listing Regulation, the designated email address for correspondence is [shareholders@axisbank.com](mailto:shareholders@axisbank.com) or [einward.ris@kavy.com](mailto:einward.ris@kavy.com). Officers based at the Registered Office of the Bank have been entrusted with the task of attending to the investor correspondence in coordination with Karvy and ensure its redressal in accordance with applicable corporate and securities laws and within the aforesaid service standards.

### Share Transfer System

In terms of Regulation 40 (1) of Listing Regulations, a Share Committee comprising the Head (Law) and the Company Secretary of the Bank has been formed to look after the matters relating to the transfer of equity shares and other related matters. The resolutions passed by the Share Committee are tabled at the ensuing meeting of the Board of Directors of the Bank, for its noting.

### Investor Grievances

During the year, the Bank had received 2,587 correspondences from its investors, capital market intermediaries and statutory/regulatory authorities inter alia requesting for various services relating to the securities issued by the Bank by post and through emails (addressed to designated email address viz. [shareholders@axisbank.com](mailto:shareholders@axisbank.com) and [einward.ris@kavy.com](mailto:einward.ris@kavy.com)).

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

Received from	No. of complaints received			No. of complaints unresolved as on 31 <sup>st</sup> March 2016
	2013-14	2014-15	2015-16	
SEBI	9	11	12	-
Stock Exchanges	4	8	9	-
NSDL / CDSL	1	-	-	-
MCA and others	-	-	-	-
Total No. of complaints received	14	19	21	-
<b>Total No. of complaints redressed</b>	<b>14</b>	<b>19</b>	<b>21</b>	-

There was no investor complaint that was unresolved, as on 1<sup>st</sup> April 2015. All the investor complaints received during the year were resolved and as such there was no investor complaint that was unresolved as on 31<sup>st</sup> March 2016.

The statement highlighting the status of the investor correspondence received (including grievances) and its redressal is tabled at the meeting of the Stakeholders Relationship Committee of Directors, for its review and noting.

## **Nomination Facility**

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

In view of the above, shareholders may avail of the Nomination Facility. The relevant Nomination Form is available on the website of the Bank and the Shareholders may download the same or write to the Bank at its Registered Office or to Karvy, for the same.

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

## **ECS Facility**

Payment of Dividends through Electronic mode:

- Securities and Exchange Board of India (SEBI) has vide Circular No. CIR/MRD/DP/10/2013 dated 21<sup>st</sup> March 2013 directed that Listed Companies shall mandatorily make all payments to Investors, including Dividend, by using any Reserve Bank of India (RBI) approved electronic mode of payments Viz. ECS, NECS (National ECS), NEFT etc. The Bank would be entitled to use the bank account details of the shareholders available with the Depository Participant to facilitate electronic credit of the Dividend.

- In case of shares held in electronic form:

All the eligible shareholders of the Bank holding equity shares in electronic form are requested to update with their Depository Participant(s) details relating to, their correct Bank Account Number, including 9 digit MICR Code and 11 digit IFSC Code, E-mail ID and mobile No(s).

- In case of shares held in physical form.

All eligible shareholders may communicate details relating to their Bank Account, 9 digit MICR Code and 11 digit IFSC Code, E-mail ID and mobile No(s) to Karvy at Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, by quoting the reference of their folio number and attaching a photocopy of the cheque leaf of the said Bank Account and a self-attested copy of their PAN card.

- In case the dividend paid through electronic mode is returned or rejected by the corresponding bank, for any reason whatsoever, the Bank will issue a dividend warrant and print the Bank Account details available with Karvy on the said dividend warrant to avoid its fraudulent encashment.

## **Other important information**

### **Secretarial Compliance**

M/s. BNP & Associates, Company Secretaries, Mumbai has conducted the Secretarial Audit for the financial year ended 31<sup>st</sup> March 2016, in terms of Section 204 of the Companies Act, 2013 and rules made thereunder and their report forms part of the Directors' Report.

### **Dispatch of documents in Electronic Form**

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

Accordingly, the Notice convening the 22<sup>nd</sup> Annual General Meeting, the annual report of the Bank for the financial year 2015-16 and other annexures stated therein will be sent by e-mail to those Members who have registered their e-mail address with their Depository Participants (DP) or with Karvy.

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

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

Members who have not yet registered/ updated their e-mail address as aforesaid, are requested to do so with their DP/ Karvy, as aforesaid.

## **CORPORATE GOVERNANCE (CONT.)**

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

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

### **Means of Communication**

The financial results of the Bank duly approved by the Board of Directors is disclosed to the Stock Exchanges in India within 30 minutes of the conclusion of the Board Meeting, in terms of Regulation 30 of the Listing Regulations read with sub-para 4 of Para A of Part A of Schedule III of the Listing Regulations. Thereafter, formal presentations are made by the Management to Analysts through conference calls, details of which are also uploaded on the Bank's website.

The financial results of the Bank are also uploaded on the Bank's website viz. [www.axisbank.com](http://www.axisbank.com), in accordance with the Listing Regulations. The financial results of the Bank are generally published in the Economic Times and Gujarat Samachar or Divya Bhaskar on the day after the financial results is approved by the Board of Directors and its disclosure to the Stock Exchanges.

Further, the financial results of the Bank are also sent by email to those shareholders whose email address is registered with their DP/Karvy.

For the ready reference of the investors of the Bank, a list of frequently asked questions and their answers have also been uploaded on the Bank's website viz. [www.axisbank.com](http://www.axisbank.com).

### **General Body Meetings**

The details of the last three Annual General Meetings, are as under:

<b>AGM</b>	<b>Date and Day</b>	<b>Time</b>	<b>Location</b>
19 <sup>th</sup>	19 <sup>th</sup> July 2013 – Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.
20 <sup>th</sup>	27 <sup>th</sup> June 2014 – Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.
21 <sup>st</sup>	24 <sup>th</sup> July 2015 – Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.

The details of the special resolutions passed at the last three Annual General Meetings, are as under:

<b>AGM</b>	<b>Date of AGM</b>	<b>Special Resolutions</b>
19 <sup>th</sup>	19 <sup>th</sup> July 2013	Resolution No. 6 - Appointment of Statutory Auditors of the Bank 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.
20 <sup>th</sup>	27 <sup>th</sup> June 2014	Resolution No. 11 - Approval of the shareholders of the Bank for amendment in the exercise period from 3 years to 5 years from the date of vesting of options, in respect of options granted with effect from April, 2014. Resolution No. 12 - Approval of the Shareholders of the Bank authorising the Board of Directors of the Bank to borrow money within the limit of ₹1,00,000 crores. Resolution No.13 - Special Resolution for raising Tier I and Tier II Capital and raising capital under MTN Programme. Resolution No.16 - Special Resolution for alteration of Articles of Association of the Bank relating to increase in the authorised share capital of the Bank and sub-division of the equity shares of the Bank.
21 <sup>st</sup>	24 <sup>th</sup> July 2015	Resolution No. 12 - Increase in Borrowing limits of the Bank upto ₹ 1,50,000 crores under Section 180 (1)(c) of the Companies Act, 2013. Resolution No. 13 - Borrowing/Raising funds in Indian Currency/Foreign Currency by issue of debt Instruments including but not limited to bonds and non-convertible debentures for an amount of upto ₹ 35,000 crores. Resolution No. 14 - Acquiring and holding equity shares of the Bank, by the Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) / Non Resident Indians (NRIs), Foreign Direct Investment covering ADRs / GDRs and indirect foreign investment in any combination thereof, upto 74% of the paid up share capital of the Bank.

### **Procedure for Postal Ballot**

In compliance with Regulation 44 of the Listing Regulations and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, the Rules made thereunder, the Bank provides electronic voting facility to all its Members. The Bank had engaged the services of Karvy for the purpose of providing e-voting facility to all its Members. In terms of the said laws, the Members have the option to vote either by physical ballot or e-voting.

The Board of Directors of the Bank appoints Scrutinizer(s) for conducting the Postal Ballot process in a fair and transparent manner. The Postal Ballot exercise is conducted in accordance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules, 2014, as amended.

The Bank dispatches the Postal Ballot Notice and relevant forms along with postage prepaid business reply envelope to those Members whose names appear on the register of members / statements of beneficial holders provided by the depositories as on the cut-off date. The postal ballot notice is sent to Members in electronic form to the email addresses registered with their DP in case shares are held in electronic form or with Karvy in case shares are held on physical form. The Bank also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013 and Rules made thereunder.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the Scrutinizer at the address mentioned in the postage prepaid business reply envelope on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by any one of the Directors duly authorised by Board of Directors of the Bank, in this regard. The postal ballot results are also displayed at the Registered Office and the Corporate Office of the Bank, uploaded on the Bank's website besides being disclosed to the Stock Exchanges. The date of declaration of the results by the Bank is deemed to be the date of passing of the resolution(s) as set out in the Postal Ballot Notice.

### **Resolution passed by way of Postal Ballot during the Financial Year 2015-16**

During the year under reference, the Bank had sought the approval of the Members through Postal Ballot for re-appointment of Shri Prasad R. Menon as an Independent Director of the Bank by means of a Special Resolution in terms of the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013, the Companies (Appointment & Qualification of Directors) Rules, 2014, read with Schedule IV to the said Act, the Articles of Association of the Bank, erstwhile listing agreement and Section 10A (2A) and other applicable provisions of the Banking Regulation Act, 1949 and the Guidelines issued by the Reserve Bank of India, in this regard, from time to time. The result of the said Postal Ballot was declared on 22<sup>nd</sup> December 2015.

The Bank had appointed Shri Raghavendar Rao D. Practicing Company Secretary (Membership No. ACS 35788/C.P. No. 13407) as the Scrutinizer for conducting the said postal ballot process in a fair and transparent manner. The Postal Ballot exercise was conducted in accordance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules, 2014, as amended. The summary of the postal ballot results in respect of the said Special Resolution is as under:

No. of votes in favour	No. of votes against	% of votes in favour	% of votes against
1,56,83,60,401	80,57,078	99.49	0.51

### **Address For Correspondence**

Registered Office	Corporate Office	Registrar & Share Transfer Agent (RTA)
The Company Secretary Axis Bank Limited [CIN:L65110GJ1993PLC020769] 'Trishul', 3 <sup>rd</sup> Floor, Opp. Samartheshwar Temple, Near Law Garden, Ellisbridge, Ahmedabad – 380 006 Tel. No. : +9179-6630 6161 Fax No. : +9179-2640 9321 Email: <a href="mailto:shareholders@axisbank.com">shareholders@axisbank.com</a>	Axis Bank Limited, 'Axis House', C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025 Tel. No. : +9122-2425 2525/4325 2525 Fax No. : +9122-2425 1800 Email: <a href="mailto:shareholders@axisbank.com">shareholders@axisbank.com</a>	M/s. Karvy Computershare Private Limited Unit: Axis Bank Limited Karvy Selenium Tower B, Plot 31- 32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Tel. No. : +9140-6716 2222 Fax No. : +9140-2300 1153 Toll Free No. : 1800-345-4001 Email : <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a>

## **Compliance with the Code of Conduct by the Directors & Members of the Senior Management of the Bank for the Financial Year 2015-16**

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

**Shikha Sharma**  
Managing Director & CEO

26<sup>th</sup> April 2016

# FORM NO. MGT-9

Extract of Annual Return as on the Financial Year ended 31<sup>st</sup> March 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. Registration and Other Details:

i)	CIN	L65110GJ1993PLC020769
ii)	Registration Date	3 <sup>rd</sup> December 1993
iii)	Name of the Company	Axis Bank Limited
iv)	Category / Sub-Category of the Company	Company Limited by Shares
v)	Address of the Registered office and contact details	'Trishul', 3 <sup>rd</sup> Floor, Opp. Samartheshwar Temple, Near Law Garden, Ellisbridge, Ahmedabad, Gujarat – 380 006. Phone: +9179-66306161. Fax: +9179-26409321. Email Address: shareholders@axisbank.com
vi)	Whether listed company – Yes / No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	<b>Karvy Computershare Private Limited</b> Unit: Axis Bank Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Phone No. : 1800-345-4001 and +9140 - 67162222 Fax No. : +9140 - 23001153 Email Address: einward.ris@karvy.com

## II. Principal Business Activities of the Bank:

Sr. No.	Name and description of main products / services	NIC Code of the product/ service	% to total turnover of the Company
1	• Deposits • Loans • Investments and foreign exchange	Section K : Financial and Insurance activities Code : 64191	Not applicable

## III. Particulars of Holding, Subsidiary and Associate Companies:

Sr. No.	Name of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Axis Capital Limited	U51900MH2005PLC157853	Subsidiary	99.99%	2(87)(ii)
2	Axis Private Equity Limited	U66020MH2006PLC165039	Subsidiary	99.99%	2(87)(ii)
3	Axis Trustee Services Limited	U74999MH2008PLC182264	Subsidiary	99.99%	2(87)(ii)
4	Axis Asset Management Company Limited	U65991MH2009PLC189558	Subsidiary	74.99%	2(87)(ii)
5	Axis Mutual Fund Trustee Limited	U66020MH2009PLC189325	Subsidiary	74.86%	2(87)(ii)
6	Axis Finance Limited	U65921MH1995PLC212675	Subsidiary	99.99%	2(87)(ii)
7	Axis Securities Limited	U74992MH2006PLC163204	Subsidiary	99.99%	2(87)(ii)
8	Axis Bank UK Limited	Foreign Company (07554558)	Subsidiary	100.00%	2(87)(ii)
9	Axis Securities Europe Limited	Foreign Company (05540630)	Subsidiary	100.00%	2(87)(ii)

## FORM NO. MGT-9 (CONT.)

### IV. Shareholding Pattern (Equity Share Capital Breakup as a Percentage of Total Equity)

#### i. Category-wise Shareholding

Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares		
<b>A. Promoter</b>										
<b>(1) Indian</b>										
a) Individual /HUF	-	-	-	-	-	-	-	-	-	
b) Central Government	-	-	-	-	-	-	-	-	-	
c) State Government(s)	-	-	-	-	-	-	-	-	-	
d) Bodies Corporate	-	-	-	-	-	-	-	-	-	
e) Banks/ Financial Institutions	66,20,93,177	-	66,20,93,177	27.93	70,84,04,734	-	70,84,04,734	29.73	1.80	
f) Any Other	-	-	-	-	-	-	-	-	-	
<b>Sub-Total (A)(1) :</b>	<b>66,20,93,177</b>	-	<b>66,20,93,177</b>	<b>27.93</b>	<b>70,84,04,734</b>	-	<b>70,84,04,734</b>	<b>29.73</b>	<b>1.80</b>	
<b>(2) Foreign</b>										
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-	
b) Other - Individuals	-	-	-	-	-	-	-	-	-	
c) Bodies Corporate	-	-	-	-	-	-	-	-	-	
d) Banks/Fl	-	-	-	-	-	-	-	-	-	
e) Any Others	-	-	-	-	-	-	-	-	-	
<b>Sub-Total (A)(2) :</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>66,20,93,177</b>	-	<b>66,20,93,177</b>	<b>27.93</b>	<b>70,84,04,734</b>	-	<b>70,84,04,734</b>	<b>29.73</b>	<b>1.80</b>	
<b>B. Public Shareholding</b>										
<b>(1) Institutions</b>										
a) Mutual Funds	15,55,10,061	-	15,55,10,061	6.56	24,37,44,478	-	24,37,44,478	10.23	3.67	
b) Banks/Fl	13,77,755	-	13,77,755	0.06	29,41,869	-	29,41,869	0.12	0.06	
c) Central Government	-	-	-	-	-	-	-	-	-	
d) State Government(s)	-	-	-	-	-	-	-	-	-	
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	
f) Insurance Companies	14,50,74,071	-	14,50,74,071	6.12	12,79,82,352	-	12,79,82,352	5.37	(0.75)	
g) FII's	1,10,56,36,277	-	1,10,56,36,277	46.64	97,35,24,319	-	97,35,24,319	40.86	(5.78)	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	
i) Others (Qualified Foreign Investor - Corporate)	-	-	-	-	-	-	-	-	-	
<b>Sub-Total (B)(1) :</b>	<b>1,40,75,98,164</b>	-	<b>1,40,75,98,164</b>	<b>59.38</b>	<b>1,34,81,93,018</b>	-	<b>1,34,81,93,018</b>	<b>56.58</b>	<b>(2.80)</b>	
<b>(2) Non-Institutions</b>										
a) Bodies Corporate	3,37,57,118	68,050	3,38,25,168	1.43	3,26,60,214	68,050	3,27,28,264	1.37	(0.06)	
i. Indian	-	-	-	-	-	-	-	-	-	
ii. Overseas	-	-	-	-	-	-	-	-	-	
b) Individuals	-	-	-	-	-	-	-	-	-	

Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	8,83,20,215	93,23,248	9,76,43,463	4.12	11,23,07,075	83,82,645	12,06,89,720	5.06	0.95
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	6,28,09,489	67,500	6,28,76,989	2.65	6,45,57,276	1,67,000	6,47,24,276	2.72	0.07
c) Others									
i. HUF	19,83,163	-	19,83,163	0.08	20,69,959	-	20,69,959	0.09	0.01
ii. Trusts	56,13,509	-	56,13,509	0.24	1,08,70,705	-	1,08,70,705	0.46	0.22
iii. Clearing Members	53,58,119	-	53,58,119	0.23	64,10,753	-	64,10,753	0.27	0.04
iv. NRIs	49,88,533	-	49,88,533	0.21	73,36,687	-	73,36,687	0.31	0.10
v. Foreign Bodies-DR	3,12,194	-	3,12,194	0.01	13,20,095	-	13,20,095	0.06	0.05
vi. Foreign Bank	1,46,195	-	1,46,195	0.01	1,25,195	-	1,25,195	0.01	-
vii. Foreign Nationals	500	-	500	0.00	700	-	700	-	-
<b>Sub-Total (B)(2) :</b>	<b>20,32,89,035</b>	<b>94,58,798</b>	<b>21,27,47,833</b>	<b>8.97</b>	<b>23,76,58,659</b>	<b>86,17,695</b>	<b>24,62,76,354</b>	<b>10.34</b>	<b>1.37</b>
<b>Total Public Shareholding B=B(1)+B(2) :</b>	<b>1,61,08,87,199</b>	<b>94,58,798</b>	<b>1,62,03,45,997</b>	<b>68.35</b>	<b>1,58,58,51,677</b>	<b>86,17,695</b>	<b>1,59,44,69,372</b>	<b>66.91</b>	<b>(1.44)</b>
<b>C. Shares held by Custodian for GDRs</b>	<b>8,80,83,025</b>	<b>-</b>	<b>8,80,83,025</b>	<b>3.72</b>	<b>7,99,57,720</b>	<b>-</b>	<b>7,99,57,720</b>	<b>3.36</b>	<b>(0.36)</b>
<b>Grand Total (A+B+C)</b>	<b>2,36,10,63,401</b>	<b>94,58,798</b>	<b>2,37,05,22,199</b>	<b>100.00</b>	<b>2,37,42,14,131</b>	<b>86,17,695</b>	<b>2,38,28,31,826</b>	<b>100.00</b>	

## ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the Year			Shareholding at the end of the Year			% change in Share holding during the year
		No. of Shares	% of total Shares of the Bank	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Bank	% of Shares Pledged / encumbered to total Shares	
1	Administrator of the Specified Undertaking of the Unit Trust of India - (SUUTI)	27,48,40,905	11.59	-	27,48,40,905	11.53	-	(0.06)
2	Life Insurance Corporation of India	29,60,75,087	12.49	-	34,88,60,225	14.64	-	2.15
3	General Insurance Corporation of India	3,93,21,498	1.66	-	4,05,95,000	1.70	-	0.04
4	The New India Assurance Company Limited	2,66,07,567	1.12	-	2,61,03,585	1.10	-	(0.02)
5	National Insurance Company Limited	1,36,75,285	0.58	-	47,47,285	0.20	-	(0.38)
6	The Oriental Insurance Company Limited	62,30,020	0.26	-	63,30,020	0.27	-	0.01
7	United India Insurance Company Limited	53,42,815	0.23	-	69,27,714	0.29	-	0.06

## FORM NO. MGT-9 (CONT.)

### iii. Change in Promoters' Shareholding (Refer Note below)

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the Year	
		No. of Shares at the beginning and end of the year	% of total Shares of the Bank				No. of Shares	% of total Shares of the Bank
1	Administrator of the Specified Undertaking of the Unit Trust of India	27,48,40,905	11.59	31/03/2015			27,48,40,905	11.59
		27,48,40,905	11.53	31/03/2016			27,48,40,905	11.53
2	Life Insurance Corporation of India	29,60,75,087	12.49	31/03/2015			29,60,75,087	12.49
			10,41,983	Transfer	29,71,17,070		12.53	
			42,58,844	Transfer	30,13,75,914		12.71	
			53,79,586	Transfer	30,67,55,500		12.93	
			23,74,925	Transfer	30,91,30,425		13.03	
			25,32,549	Transfer	31,16,62,974		13.13	
			18,44,735	Transfer	31,35,07,709		13.20	
			14,70,012	Transfer	31,49,77,721		13.27	
			28,34,559	Transfer	31,78,12,280		13.38	
			24,43,939	Transfer	32,02,56,219		13.49	
			20,94,485	Transfer	32,23,50,704		13.57	
			50,88,061	Transfer	32,74,38,765		13.79	
			-6,21,798	Transfer	32,68,16,967		13.76	
			-5,70,000	Transfer	32,62,46,967		13.73	
			1,47,981	Transfer	32,63,94,948		13.74	
			1,44,236	Transfer	32,65,39,184		13.74	
			-35,250	Transfer	32,65,03,934		13.74	
			11,49,273	Transfer	32,76,53,207		13.79	
			-32,937	Transfer	32,76,20,270		13.79	
			21,36,508	Transfer	32,97,56,778		13.88	
			65,22,002	Transfer	33,62,78,780		14.15	
			25,000	Transfer	33,63,03,780		14.15	
			10,000	Transfer	33,63,13,780		14.15	
			25,000	Transfer	33,63,38,780		14.14	
			13,67,897	Transfer	33,77,06,677		14.20	
			67,860	Transfer	33,77,74,537		14.20	
			6,00,000	Transfer	33,83,74,537		14.23	
			37,31,512	Transfer	34,21,06,049		14.39	
			17,51,726	Transfer	34,38,57,775		14.46	
			2,450	Transfer	34,38,60,225		14.46	
			10,00,000	Transfer	34,48,60,225		14.50	
			27,38,284	Transfer	34,75,98,509		14.61	
			12,64,016	Transfer	34,88,62,525		14.66	
			-2,300	Transfer	34,88,60,225		14.66	
			4,000	Transfer	34,88,64,225		14.65	
			-4,000	Transfer	34,88,60,225		14.65	
		34,88,60,225	14.64	31/03/2016			34,88,60,225	14.64

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the Year	
		No. of Shares at the beginning and end of the year	% of total Shares of the Bank				No. of Shares	% of total Shares of the Bank
3	General Insurance Corporation of India	3,93,21,498	1.66	31/03/2015			3,93,21,498	1.66
				01/05/2015	75,000	Transfer	3,93,96,498	1.66
				08/05/2015	1,00,000	Transfer	3,94,96,498	1.66
				15/05/2015	1,70,000	Transfer	3,96,66,498	1.67
				28/08/2015	30,000	Transfer	3,96,96,498	1.67
				04/09/2015	80,000	Transfer	3,97,76,498	1.67
				11/09/2015	1,11,338	Transfer	3,98,87,836	1.68
				18/12/2015	80,000	Transfer	3,99,67,836	1.68
				25/12/2015	75,000	Transfer	4,00,42,836	1.68
				31/12/2015	1,25,000	Transfer	4,01,67,836	1.69
				08/01/2016	1,32,164	Transfer	4,03,00,000	1.69
				15/01/2016	1,00,000	Transfer	4,04,00,000	1.70
				22/01/2016	20,000	Transfer	4,04,20,000	1.70
				12/02/2016	90,000	Transfer	4,05,10,000	1.70
4	The New India Assurance Company Limited	2,66,07,567	1.12	31/03/2015			2,66,07,567	1.12
				29/05/2015	-1,44,482	Transfer	2,64,63,085	1.11
				05/06/2015	-61,500	Transfer	2,64,01,585	1.11
				12/06/2015	-75,000	Transfer	2,63,26,585	1.11
				19/06/2015	-85,000	Transfer	2,62,41,585	1.10
				26/06/2015	-1,37,500	Transfer	2,61,04,085	1.10
				30/06/2015	-42,500	Transfer	2,60,61,585	1.10
				03/07/2015	-35,000	Transfer	2,60,26,585	1.10
				07/08/2015	-10,000	Transfer	2,60,16,585	1.09
				19/02/2016	22,000	Transfer	2,60,38,585	1.09
				26/02/2016	30,000	Transfer	2,60,68,585	1.09
				04/03/2016	35,000	Transfer	2,61,03,585	1.10
		2,61,03,585	1.10	31/03/2016			2,61,03,585	1.10
5	National Insurance Company Limited	1,36,75,285	0.58	31/03/2015			1,36,75,285	0.58
				17/04/2015	2,00,000	Transfer	1,38,75,285	0.58
				29/05/2015	-1,00,000	Transfer	1,37,75,285	0.58
				10/07/2015	-1,00,000	Transfer	1,36,75,285	0.58
				17/07/2015	-2,00,000	Transfer	1,34,75,285	0.57
				11/12/2015	92,000	Transfer	1,35,67,285	0.57
				25/12/2015	50,000	Transfer	1,36,17,285	0.57
				15/01/2016	30,000	Transfer	1,36,47,285	0.57
				19/02/2016	-2,04,388	Transfer	1,34,42,897	0.56
				04/03/2016	-12,95,612	Transfer	1,21,47,285	0.51
				11/03/2016	-17,86,015	Transfer	1,03,61,270	0.44
				18/03/2016	-25,13,985	Transfer	78,47,285	0.33
				25/03/2016	-15,00,000	Transfer	63,47,285	0.27
				31/03/2016	-16,00,000	Transfer	47,47,285	0.20
		47,47,285	0.20	31/03/2016			47,47,285	0.20

## FORM NO. MGT-9 (CONT.)

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the Year	
		No. of Shares at the beginning and end of the year	% of total Shares of the Bank				No. of Shares	% of total Shares of the Bank
6	The Oriental Insurance Company Limited	62,30,020	0.26	31/03/2015			62,30,020	0.26
				04/09/2015	10,000	Transfer	62,40,020	0.26
				11/09/2015	17,215	Transfer	62,57,235	0.26
				06/11/2015	25,000	Transfer	62,82,235	0.26
				20/11/2015	15,000	Transfer	62,97,235	0.26
				27/11/2015	13,200	Transfer	63,10,435	0.27
				04/12/2015	19,585	Transfer	63,30,020	0.27
		63,30,020	0.27	31/03/2016			63,30,020	0.27
7	United India Insurance Company Limited	53,42,815	0.23	31/03/2015			53,42,815	0.23
				24/04/2015	20,000	Transfer	53,62,815	0.23
				28/08/2015	30,000	Transfer	53,92,815	0.23
				04/09/2015	1,10,000	Transfer	55,02,815	0.23
				11/09/2015	87,594	Transfer	55,90,409	0.24
				18/09/2015	95,000	Transfer	56,85,409	0.24
				25/09/2015	25,000	Transfer	57,10,409	0.24
				30/09/2015	37,500	Transfer	57,47,909	0.24
				09/10/2015	75,300	Transfer	58,23,209	0.24
				16/10/2015	1,37,500	Transfer	59,60,709	0.25
				23/10/2015	78,250	Transfer	60,38,959	0.25
				30/10/2015	50,000	Transfer	60,88,959	0.26
				06/11/2015	1,35,000	Transfer	62,23,959	0.26
				13/11/2015	75,000	Transfer	62,98,959	0.26
				20/11/2015	1,05,000	Transfer	64,03,959	0.27
				27/11/2015	60,000	Transfer	64,63,959	0.27
				04/12/2015	25,000	Transfer	64,88,959	0.27
				11/12/2015	33,755	Transfer	65,22,714	0.27
				18/12/2015	50,000	Transfer	65,72,714	0.28
				25/12/2015	30,000	Transfer	66,02,714	0.28
				31/12/2015	1,20,000	Transfer	67,22,714	0.28
				08/01/2016	55,000	Transfer	67,77,714	0.28
				15/01/2016	50,000	Transfer	68,27,714	0.29
				22/01/2016	40,000	Transfer	68,67,714	0.29
				05/02/2016	30,000	Transfer	68,97,714	0.29
				12/02/2016	30,000	Transfer	69,27,714	0.29
		69,27,714	0.29	31/03/2016			69,27,714	0.29

**Note:** Date of change is the date of the shareholding statement i.e. the date on which the statements of beneficial ownerships is received from the depositories.

**iv. Shareholding pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** (Refer Note below)

Sr. No	Name of the Shareholder	Shareholding		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares at the beginning and end of the year	% of total shares of the Bank				No of Shares	% of total shares of the Bank
1	Europacific Growth Fund	10,41,67,415	4.39				10,41,67,415	4.39
				10/04/2015	-42,82,230	Sale	9,98,85,185	4.21
				17/04/2015	-7,33,662	Sale	9,91,51,523	4.18
				08/05/2015	-80,67,486	Sale	9,10,84,037	3.84
				15/05/2015	-7,59,129	Sale	9,03,24,908	3.80
				22/05/2015	-2,37,81,473	Sale	6,65,43,435	2.80
				29/05/2015	-1,93,06,020	Sale	4,72,37,415	1.99
				26/06/2015	-9,95,474	Sale	4,62,41,941	1.95
				03/07/2015	-21,92,555	Sale	4,40,49,386	1.85
				10/07/2015	-18,92,959	Sale	4,21,56,427	1.77
				17/07/2015	-22,05,012	Sale	3,99,51,415	1.68
				27/11/2015	-1,46,50,000	Sale	2,53,01,415	1.06
				04/12/2015	-39,07,525	Sale	2,13,93,890	0.90
		2,13,93,890	0.90	31/03/2016			2,13,93,890	0.90
2	ICICI Prudential Life Insurance Company Limited	5,37,72,825	2.27				5,37,72,825	2.27
				10/04/2015	-8,23,796	Sale	5,29,49,029	2.23
				17/04/2015	-5,37,950	Sale	5,24,11,079	2.21
				24/04/2015	1,00,882	Purchase	5,25,11,961	2.21
				01/05/2015	1,33,326	Purchase	5,26,45,287	2.22
				08/05/2015	1,80,043	Purchase	5,28,25,330	2.23
				15/05/2015	2,07,939	Purchase	5,30,33,269	2.23
				22/05/2015	5,652	Purchase	5,30,38,921	2.23
				29/05/2015	-3,60,738	Sale	5,26,78,183	2.22
				05/06/2015	-2,13,879	Sale	5,24,64,304	2.21
				12/06/2015	92,032	Purchase	5,25,56,336	2.21
				19/06/2015	95,475	Purchase	5,26,51,811	2.22
				26/06/2015	-39,423	Sale	5,26,12,388	2.22
				30/06/2015	12,297	Purchase	5,26,24,685	2.22
				03/07/2015	64,963	Purchase	5,26,89,648	2.22
				10/07/2015	1,85,862	Purchase	5,28,75,510	2.23
				17/07/2015	-2,97,798	Sale	5,25,77,712	2.21
				24/07/2015	83,196	Purchase	5,26,60,908	2.22
				31/07/2015	-31,091	Sale	5,26,29,817	2.22
				07/08/2015	59,093	Purchase	5,26,88,910	2.22
				14/08/2015	1,114	Purchase	5,26,90,024	2.22
				21/08/2015	36,095	Purchase	5,27,26,119	2.22
				28/08/2015	3,52,603	Purchase	5,30,78,722	2.23
				04/09/2015	-4,93,597	Sale	5,25,85,125	2.21
				11/09/2015	3,42,765	Purchase	5,29,27,890	2.23
				18/09/2015	1,85,128	Purchase	5,31,13,018	2.23

## FORM NO. MGT-9 (CONT.)

Sr. No	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares at the beginning and end of the year	% of total shares of the Bank				No of Shares	% of total shares of the Bank
	ICICI Prudential Life Insurance Company Limited			25/09/2015	1,99,172	Purchase	5,33,12,190	2.24
				30/09/2015	-1,23,049	Sale	5,31,89,141	2.24
				02/10/2015	1,65,433	Purchase	5,33,54,574	2.24
				09/10/2015	1,75,570	Purchase	5,35,30,144	2.25
				16/10/2015	-1,33,396	Sale	5,33,96,748	2.25
				23/10/2015	-18,975	Sale	5,33,77,773	2.24
				30/10/2015	-5,43,337	Sale	5,28,34,436	2.22
				06/11/2015	3,38,352	Purchase	5,31,72,788	2.24
				13/11/2015	2,39,235	Purchase	5,34,12,023	2.25
				20/11/2015	2,64,241	Purchase	5,36,76,264	2.26
				27/11/2015	17,33,993	Purchase	5,54,10,257	2.33
				04/12/2015	10,66,637	Purchase	5,64,76,894	2.37
				11/12/2015	9,94,325	Purchase	5,74,71,219	2.42
				18/12/2015	18,27,589	Purchase	5,92,98,808	2.49
				25/12/2015	4,70,191	Purchase	5,97,68,999	2.51
				31/12/2015	1,93,064	Purchase	5,99,62,063	2.52
				01/01/2016	2,25,520	Purchase	6,01,87,583	2.53
				08/01/2016	-91,793	Sale	6,00,95,790	2.53
				15/01/2016	15,37,311	Purchase	6,16,33,101	2.59
				22/01/2016	30,70,221	Purchase	6,47,03,322	2.72
				29/01/2016	2,35,837	Purchase	6,49,39,159	2.73
				05/02/2016	62,0376	Purchase	6,55,59,535	2.75
				12/02/2016	89,458	Purchase	6,56,48,993	2.76
				19/02/2016	9,88,637	Purchase	6,66,37,630	2.80
				26/02/2016	2,78,868	Purchase	6,69,16,498	2.81
				04/03/2016	46,474	Purchase	6,69,62,972	2.81
				11/03/2016	1,16,942	Purchase	6,70,79,914	2.82
				18/03/2016	21,560	Purchase	6,71,01,474	2.82
				25/03/2016	4,34,195	Purchase	6,75,35,669	2.83
				31/03/2016	24,180	Purchase	6,75,59,849	2.84
		6,75,59,849	2.84	31/03/2016			6,75,59,849	2.84
3	Cophall Mauritius Investment Limited	3,90,51,613	1.65				3,90,51,613	1.65
				10/04/2015	2,19,316	Purchase	3,92,70,929	1.66
				17/04/2015	4,864	Purchase	3,92,75,793	1.66
				24/04/2015	-2,10,263	Sale	3,90,65,530	1.65
				01/05/2015	-2,567	Sale	3,90,62,963	1.65
				08/05/2015	-5,90,772	Sale	3,84,72,191	1.62
				15/05/2015	-2,71,838	Sale	3,82,00,353	1.61
				22/05/2015	-94,000	Sale	3,81,06,353	1.60
				29/05/2015	-5,25,320	Sale	3,75,81,033	1.58
				05/06/2015	-32,000	Sale	3,75,49,033	1.58
				12/06/2015	-2,04,007	Sale	3,73,45,026	1.57

Sr. No	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares at the beginning and end of the year	% of total shares of the Bank				No of Shares	% of total shares of the Bank
	Copthall Mauritius Investment Limited			19/06/2015	-4,37,287	Sale	3,69,07,739	1.55
				26/06/2015	-2,93,896	Sale	3,66,13,843	1.54
				30/06/2015	-50,589	Sale	3,65,63,254	1.54
				03/07/2015	-26,02,528	Sale	3,39,60,726	1.43
				10/07/2015	-36,920	Sale	3,39,23,806	1.43
				17/07/2015	-1,33,209	Sale	3,37,90,597	1.42
				24/07/2015	50,000	Purchase	3,38,40,597	1.42
				31/07/2015	11,23,400	Purchase	3,49,63,997	1.47
				07/08/2015	-61,908	Sale	3,49,02,089	1.47
				21/08/2015	10,732	Purchase	3,49,12,821	1.47
				28/08/2015	-31,72,940	Sale	3,17,39,881	1.34
				04/09/2015	-4,24,958	Sale	3,13,14,923	1.32
				11/09/2015	2,81,003	Purchase	3,15,95,926	1.33
				18/09/2015	-11,75,034	Sale	3,04,20,892	1.28
				30/09/2015	-1,33,378	Sale	3,02,87,514	1.27
				02/10/2015	7,400	Purchase	3,02,94,914	1.27
				09/10/2015	6,05,170	Purchase	3,09,00,084	1.30
				16/10/2015	10,18,809	Purchase	3,19,18,893	1.34
				23/10/2015	-60,489	Sale	3,18,58,404	1.34
				30/10/2015	-9,60,316	Sale	3,08,98,088	1.30
				06/11/2015	11,58,028	Purchase	3,20,56,116	1.35
				13/11/2015	-8,10,703	Sale	3,12,45,413	1.31
				20/11/2015	-4,89,762	Sale	3,07,55,651	1.29
				27/11/2015	-4,80,549	Sale	3,02,75,102	1.27
				04/12/2015	-2,42,290	Sale	3,00,32,812	1.26
				11/12/2015	2,31,893	Purchase	3,02,64,705	1.27
				18/12/2015	4,79,113	Purchase	3,07,43,818	1.29
				25/12/2015	2,31,615	Purchase	3,09,75,433	1.30
				31/12/2015	4,60,524	Purchase	3,14,35,957	1.32
				01/01/2016	4,051	Purchase	3,14,40,008	1.32
				08/01/2016	-9,287	Sale	3,14,30,721	1.32
				15/01/2016	-18,75,606	Sale	2,95,55,115	1.24
				22/01/2016	1,63,316	Purchase	2,97,18,431	1.25
				29/01/2016	-4,73,223	Sale	2,92,45,208	1.23
				05/02/2016	-17,89,416	Sale	2,74,55,792	1.15
				12/02/2016	-7,47,877	Sale	2,67,07,915	1.12
				19/02/2016	-11,50,000	Sale	2,55,57,915	1.07
				26/02/2016	22,198	Purchase	2,55,80,113	1.07
				04/03/2016	-1,06,14,396	Sale	1,49,65,717	0.63
				11/03/2016	50,618	Purchase	1,50,16,335	0.63
				18/03/2016	1,43,081	Purchase	1,51,59,416	0.64
				25/03/2016	3,91,673	Purchase	1,55,51,089	0.65
				31/03/2016	-7,78,357	Sale	1,47,72,732	0.62
		1,47,72,732	0.62	31/03/2016			1,47,72,732	0.62

## FORM NO. MGT-9 (CONT.)

Sr. No	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares at the beginning and end of the year	% of total shares of the Bank				No of Shares	% of total shares of the Bank
4	Lazard Asset Management Llc A/C Lazard Emerging Markets Portfolio	3,32,37,161	1.40				3,32,37,161	1.40
				28/08/2015	-5,12,290	Sale	3,27,24,871	1.38
				18/09/2015	-13,73,915	Sale	3,13,50,956	1.32
				25/09/2015	-10,83,257	Sale	3,02,67,699	1.27
				06/11/2015	-7,90,217	Sale	2,94,77,482	1.24
				04/12/2015	-8,50,100	Sale	2,86,27,382	1.20
				25/12/2015	-7,87,255	Sale	2,78,40,127	1.17
				31/12/2015	-8,76,753	Sale	2,69,63,374	1.13
		2,69,63,374	1.13	31/03/2016			2,69,63,374	1.13
5	Morgan Stanley Asia (Singapore) Pte.	3,11,03,634	1.31				3,11,03,634	1.31
				10/04/2015	1,48,928	Purchase	3,12,52,562	1.32
				17/04/2015	-5,69,822	Sale	3,06,82,740	1.29
				24/04/2015	-6,03,479	Sale	3,00,79,261	1.27
				01/05/2015	2,03,425	Purchase	3,02,82,686	1.28
				08/05/2015	-8,02,481	Sale	2,94,80,205	1.24
				15/05/2015	2,03,386	Purchase	2,96,83,591	1.25
				22/05/2015	-4,0811	Sale	2,96,42,780	1.25
				29/05/2015	-4,91,210	Sale	2,91,51,570	1.23
				05/06/2015	-6,40,540	Sale	2,85,11,030	1.20
				12/06/2015	-6,38,145	Sale	2,78,72,885	1.17
				19/06/2015	3,40,117	Purchase	2,82,13,002	1.19
				26/06/2015	55,298	Purchase	2,82,68,300	1.19
				30/06/2015	-3,00,084	Sale	2,79,68,216	1.18
				03/07/2015	4,66,816	Purchase	2,84,35,032	1.20
				10/07/2015	-22,372	Sale	2,84,12,660	1.20
				17/07/2015	3,23,024	Purchase	2,87,35,684	1.21
				24/07/2015	-12,51,688	Sale	2,74,83,996	1.16
				31/07/2015	19,584	Purchase	2,75,03,580	1.16
				07/08/2015	-8,86,991	Sale	2,66,16,589	1.12
				14/08/2015	-5,80,582	Sale	2,60,36,007	1.10
				21/08/2015	-1,36,634	Sale	2,58,99,373	1.09
				28/08/2015	-8,26,091	Sale	2,50,73,282	1.05
				04/09/2015	-5,14,072	Sale	2,45,59,210	1.03
				11/09/2015	-14,17,053	Sale	2,31,42,157	0.97
				18/09/2015	-9,34,722	Sale	2,22,07,435	0.93
				25/09/2015	3,21,719	Purchase	2,25,29,154	0.95
				30/09/2015	2,43,501	Purchase	2,27,72,655	0.96
				02/10/2015	-1,31,460	Sale	2,26,41,195	0.95
				09/10/2015	-83,443	Sale	2,25,57,752	0.95
				16/10/2015	-14,46,068	Sale	2,11,11,684	0.89
				23/10/2015	38,153	Purchase	2,11,49,837	0.89

Sr. No	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares at the beginning and end of the year	% of total shares of the Bank				No of Shares	% of total shares of the Bank
	Morgan Stanley Asia (Singapore) Pte.			30/10/2015	-18,49,889	Sale	1,92,99,948	0.81
				06/11/2015	-14,04,393	Sale	1,78,95,555	0.75
				13/11/2015	-2,70,564	Sale	1,76,24,991	0.74
				20/11/2015	-2,01,500	Sale	1,74,23,491	0.73
				27/11/2015	-1,55,395	Sale	1,72,68,096	0.73
				04/12/2015	25,676	Purchase	17,293,772	0.73
				11/12/2015	31,17,101	Purchase	2,04,10,873	0.86
				18/12/2015	7,76,632	Purchase	2,11,87,505	0.89
				25/12/2015	2,56,934	Purchase	2,14,44,439	0.90
				31/12/2015	28,47,807	Purchase	2,42,92,246	1.02
				08/01/2016	18,55,645	Purchase	2,61,47,891	1.10
				15/01/2016	-3,04,709	Sale	2,58,43,182	1.09
				22/01/2016	-22,09,753	Sale	2,36,33,429	0.99
				29/01/2016	-5,84,079	Sale	2,30,49,350	0.97
				05/02/2016	-15,87,757	Sale	2,14,61,593	0.90
				12/02/2016	-24,66,291	Sale	1,89,95,302	0.80
				19/02/2016	-6,53,731	Sale	1,83,41,571	0.77
				26/02/2016	-36,91,862	Sale	1,46,49,709	0.62
				04/03/2016	-41,58,119	Sale	1,04,91,590	0.44
				11/03/2016	-79,826	Sale	1,04,11,764	0.44
				18/03/2016	-6,31,520	Sale	97,80,244	0.41
				25/03/2016	1,41,344	Purchase	99,21,588	0.42
				31/03/2016	3,69,999	Purchase	1,02,91,587	0.43
		1,02,91,587	0.43	31/03/2016			1,02,91,587	0.43
6	Goldman Sachs (Singapore) Pte.	2,78,65,388	1.18				2,78,65,388	1.18
				10/04/2015	-1,50,694	Sale	2,77,14,694	1.17
				17/04/2015	46,01,569	Purchase	3,23,16,263	1.36
				24/04/2015	-23,41,331	Sale	2,99,74,932	1.26
				01/05/2015	-7,90,663	Sale	2,91,84,269	1.23
				08/05/2015	-5,60,229	Sale	2,86,24,040	1.21
				15/05/2015	5,95,358	Purchase	2,92,19,398	1.23
				22/05/2015	-38,132	Sale	2,91,81,266	1.23
				29/05/2015	87,39,313	Purchase	3,79,20,579	1.60
				05/06/2015	-13,45,181	Sale	3,65,75,398	1.54
				12/06/2015	-16,20,179	Sale	3,49,55,219	1.47
				19/06/2015	-70,52,897	Sale	2,79,02,322	1.17
				26/06/2015	-39,84,143	Sale	2,39,18,179	1.01
				30/06/2015	-11,53,758	Sale	2,27,64,421	0.96
				03/07/2015	-9,81,199	Sale	2,17,83,222	0.92
				10/07/2015	4,329	Purchase	2,17,87,551	0.92
				17/07/2015	-4,67,018	Sale	2,13,20,533	0.90
				24/07/2015	3,63,443	Purchase	2,16,83,976	0.91

## FORM NO. MGT-9 (CONT.)

Sr. No	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares at the beginning and end of the year	% of total shares of the Bank				No of Shares	% of total shares of the Bank
	Goldman Sachs (Singapore) Pte.			31/07/2015	-3,55,141	Sale	2,13,28,835	0.90
				07/08/2015	7,43,765	Purchase	2,20,72,600	0.93
				14/08/2015	6,77,543	Purchase	2,27,50,143	0.96
				21/08/2015	-5,62,591	Sale	2,21,87,552	0.93
				28/08/2015	-35,25,500	Sale	1,86,62,052	0.79
				04/09/2015	-3,17,770	Sale	1,83,44,282	0.77
				11/09/2015	-16,33,021	Sale	1,67,11,261	0.70
				18/09/2015	-3,01,714	Sale	1,64,09,547	0.69
				25/09/2015	-22,75,595	Sale	1,41,33,952	0.59
				30/09/2015	-3,02,300	Sale	1,38,31,652	0.58
				02/10/2015	-7,51,000	Sale	1,30,80,652	0.55
				09/10/2015	-46,644	Sale	1,30,34,008	0.55
				16/10/2015	34,94,912	Purchase	1,65,28,920	0.70
				23/10/2015	1,76,082	Purchase	1,67,05,002	0.70
				30/10/2015	-16,22,229	Sale	1,50,82,773	0.63
				06/11/2015	-5,02,999	Sale	1,45,79,774	0.61
				13/11/2015	72,000	Purchase	1,46,51,774	0.62
				20/11/2015	11,56,508	Purchase	1,58,08,282	0.66
				27/11/2015	3,24,726	Purchase	1,61,33,008	0.68
				04/12/2015	5,76,571	Purchase	1,67,09,579	0.70
				11/12/2015	22,96,252	Purchase	1,90,05,831	0.80
				18/12/2015	35,76,542	Purchase	2,25,82,373	0.95
				25/12/2015	7,63,000	Purchase	2,33,45,373	0.98
				31/12/2015	-5,34,838	Sale	2,28,10,535	0.96
				01/01/2016	2,79,000	Purchase	2,30,89,535	0.97
				08/01/2016	25,239	Purchase	2,31,14,774	0.97
				15/01/2016	18,36,569	Purchase	2,49,51,343	1.05
				22/01/2016	3,50,834	Purchase	2,53,02,177	1.06
				29/01/2016	-30,94,331	Sale	2,22,07,846	0.93
				05/02/2016	1,832	Purchase	2,22,09,678	0.93
				12/02/2016	11,56,493	Purchase	2,33,66,171	0.98
				19/02/2016	6,51,172	Purchase	2,40,17,343	1.01
				26/02/2016	15,36,441	Purchase	2,55,53,784	1.07
				04/03/2016	-51,46,186	Sale	2,04,07,598	0.86
				11/03/2016	7,75,877	Purchase	2,11,83,475	0.89
				18/03/2016	26,51,398	Purchase	2,38,34,873	1.00
				25/03/2016	-19,247	Sale	2,38,15,626	1.00
				31/03/2016	4,98,960	Purchase	2,43,14,586	1.02
		2,43,14,586	1.02	31/03/2016			2,43,14,586	1.02
7	Centaura Investments (Mauritius) Pte. Limited	2,68,56,320	1.13				2,68,56,320	1.13
				04/09/2015	-13,08,412	Sale	2,55,47,908	1.07
		2,55,47,908	1.07	31/03/2016			2,55,47,908	1.07

Sr. No	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares at the beginning and end of the year	% of total shares of the Bank				No of Shares	% of total shares of the Bank
8	Genesis Indian Investment Company Limited -General Sub Fund	2,52,23,650	1.06				2,52,23,650	1.06
				11/12/2015	-20,60,721	Sale	2,31,62,929	0.97
				04/03/2016	-2,24,26,243	Sale	7,36,686	0.03
				31/03/2016	-7,36,686	Sale		
				31/03/2016				
9	Government Pension Fund Global	2,45,22,713	1.03				2,45,22,713	1.03
				17/04/2015	-34,293	Sale	2,44,88,420	1.03
				01/05/2015	13,25,000	Purchase	2,58,13,420	1.09
				08/05/2015	30,02,997	Purchase	2,88,16,417	1.21
				15/05/2015	98,606	Purchase	2,89,15,023	1.22
				29/05/2015	40,71,809	Purchase	3,29,86,832	1.39
				26/06/2015	7,64,387	Purchase	3,37,51,219	1.42
				10/07/2015	-5,01,226	Sale	3,32,49,993	1.40
				04/09/2015	-7,22,182	Sale	3,25,27,811	1.37
				18/09/2015	49,000	Purchase	3,25,76,811	1.37
				25/09/2015	5,39,549	Purchase	3,31,16,360	1.39
				09/10/2015	-4,62,000	Sale	3,26,54,360	1.37
				30/10/2015	-2,50,000	Sale	3,24,04,360	1.36
				20/11/2015	2,00,000	Purchase	3,26,04,360	1.37
				11/12/2015	-8,30,389	Sale	3,17,73,971	1.34
				18/12/2015	-4,53,801	Sale	3,13,20,170	1.32
				25/12/2015	-15,24,136	Sale	2,97,96,034	1.25
				31/12/2015	4,59,960	Purchase	3,02,55,994	1.27
				22/01/2016	2,72,900	Purchase	3,05,28,894	1.28
				29/01/2016	15,18,000	Purchase	3,20,46,894	1.35
				12/02/2016	18,31,429	Purchase	3,38,78,323	1.42
				26/02/2016	-12,89,594	Sale	3,25,88,729	1.37
				25/03/2016	30,00,000	Purchase	3,55,88,729	1.49
				31/03/2016	-4,87,387	Sale	3,51,01,342	1.47
		3,51,01,342	1.47	31/03/2016			3,51,01,342	1.47
10	American Funds Insurance Series International Fund	1,88,32,249	0.79				1,88,32,249	0.79
				10/04/2015	-41,18,018	Sale	1,47,14,231	0.62
				17/04/2015	-6,45,071	Sale	1,40,69,160	0.59
				01/05/2015	-11,79,562	Sale	1,28,89,598	0.54
				08/05/2015	-11,93,155	Sale	1,16,96,443	0.49
				15/05/2015	-52,722	Sale	1,16,43,721	0.49
				22/05/2015	-40,03,134	Sale	76,40,587	0.32
				29/05/2015	-33,96,867	Sale	42,43,720	0.18
				26/06/2015	-1,39,590	Sale	41,04,130	0.17
				03/07/2015	-3,07,445	Sale	37,96,685	0.16
				10/07/2015	-2,65,437	Sale	35,31,248	0.15
				17/07/2015	-3,09,193	Sale	32,22,055	0.14
		32,22,055	0.14	31/03/2016			32,22,055	0.14

## FORM NO. MGT-9 (CONT.)

- Note :**
- 1 Top ten shareholders of the Bank at the beginning of the year have been considered, for the above disclosures.
  - 2 Date of change is the date of the shareholding statement i.e. the date on which the statements of beneficial ownerships is received from the depositories.
  - 3 Date of separation of the following shareholders from the top ten shareholders are as under:
    - i American Funds Insurance Series International Fund - 10<sup>th</sup> April 2015
    - ii Morgan Stanley Asia (Singapore) PTE. - 30<sup>th</sup> October 2015
    - iii Copthall Mauritius Investment Limited - 4<sup>th</sup> March 2016
    - iv Genesis Indian Investment Company Limited - General Sub Fund - 4<sup>th</sup> March 2016

**v. Shareholding Pattern of Directors and Key Managerial Personnel:** (Refer Note below)

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning and end of the year	% of total shares of the Bank				No. of shares	% of total shares of the Bank
1	Shikha Sharma	3,50,000	0.01	31/03/2015			3,50,000	0.01
				29/01/2016	-15,000	Transfer	3,35,000	0.01
				05/02/2016	-65,000	Transfer	2,70,000	0.01
				12/02/2016	-2,000	Transfer	2,68,000	0.01
				19/02/2016	1,00,000	ESOP Allotment	3,68,000	0.02
				26/02/2016	-50,000	Transfer	3,18,000	0.01
				04/03/2016	1,32,000	ESOP Allotment	4,50,000	0.02
				11/03/2016	-60,000	Transfer	3,90,000	0.02
				18/03/2016	-25,000	Transfer	3,65,000	0.02
				25/03/2016	5,000	ESOP Allotment	3,70,000	0.02
				31/03/2016	65,000	ESOP Allotment	4,35,000	0.02
		4,85,000	0.02	31/03/2016	50,000		4,85,000	0.02
2	V. Srinivasan	4,37,500	0.02	31/03/2015			4,37,500	0.02
				04/09/2015	25,000	ESOP Allotment	4,62,500	0.02
				18/09/2015	75,000	ESOP Allotment	5,37,500	0.02
				22/01/2016	1,40,000	ESOP Allotment	6,77,500	0.03
				18/03/2016	1,27,500	ESOP Allotment	8,05,000	0.03
				28/03/2016	1,27,500	ESOP Allotment	9,32,500	0.04
		9,32,500	0.04	31/03/2016			9,32,500	0.04
3	Sanjeev Kumar Gupta	75,565	0.00	31/03/2015			75,565	0.00
				08/05/2015	12,500	Transfer	88,065	0.00
				14/08/2015	-20,000	Transfer	68,065	0.00
				28/08/2015	-5,000	Transfer	63,065	0.00
				30/09/2015	-15,000	Transfer	48,065	0.00
				06/11/2015	-48,000	Transfer	65	0.00
				13/11/2015	27,500	ESOP Allotment	27,565	0.00
				20/11/2015	-13,000	Transfer	14,565	0.00
				27/11/2015	-14,000	Transfer	565	0.00
				11/12/2015	21,000	ESOP Allotment	21,565	0.00
				18/12/2015	15,000	ESOP Allotment	36,565	0.00

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning and end of the year	% of total shares of the Bank				No. of shares	% of total shares of the Bank
1	Sanjeev Kumar Gupta			08/01/2016	2,000	ESOP Allotment	38,565	0.00
				29/01/2016	11,500	ESOP Allotment	50,065	0.00
				05/02/2016	-10,000	Transfer	40,065	0.00
				19/02/2016	-30,000	Transfer	10,065	0.00
				04/03/2016	25,000	Transfer	35,065	0.00
				11/03/2016	-35,000	Transfer	65	0.00
				18/03/2016	1,935	ESOP Allotment	2,000	0.00
		2,000	0.00	31/03/2016			2,000	0.00
4	Jairam Sridharan	24,000	0.00	31/03/2015			24,000	0.00
				08/05/2015	27,000	Transfer	51,000	0.00
				22/05/2015	15,000	Transfer	66,000	0.00
				07/08/2015	-28,284	Transfer	37,716	0.00
				30/09/2015	10,000	Transfer	47,716	0.00
				12/02/2016	64,500	Transfer	1,12,216	0.00
				26/02/2016	-60,500	Transfer	51,716	0.00
				31/03/2016	10,000	Transfer	61,716	0.00
5	V. R. Kaundinya	61,716	0.00	31/03/2016			61,716	0.00
		5,000	0.00	31/03/2015			5,000	0.00
6	Sanjeev Kapoor	5,000	0.00	31/03/2016			5,000	0.00
				22/05/2015	200	Transfer	200	0.00
				29/05/2015	100	Transfer	300	0.00
				12/06/2015	300	Transfer	600	0.00
				19/06/2015	900	Transfer	1,500	0.00
		1,500	0.00	31/03/2016			1,500	0.00
		0	0.00	31/03/2015			0	0.00
				31/03/2016			0	0.00
7	Girish V. Koliyote	0	0.00	31/03/2015			0	0.00
				31/03/2016			0	0.00

**Note :**

- Shri Sanjeev Kumar Gupta, Executive Director (Corporate Centre) of the Bank had stepped down as the Chief Financial Officer of the Bank, w.e.f. the close of business hours on 27<sup>th</sup> October 2015 and continued to be Executive Director (Corporate Centre) of the Bank upto the close of business hours on 18<sup>th</sup> March 2016.
- Shri Jairam Sridharan was appointed as the Chief Financial Officer of the Bank, w.e.f. 28<sup>th</sup> October 2015. Shri Jairam Sridharan is currently designated as President & Chief Financial Officer of the Bank.
- Shri Sanjeev Kapoor resigned as the Company Secretary of the Bank, w.e.f. the close of business hours on 30<sup>th</sup> April 2015.
- Shri Girish V. Koliyote was appointed as the Company Secretary of the Bank, w.e.f. 1<sup>st</sup> May 2015.
- Date of change is the date of the shareholding statement i.e. the date on which the statements of beneficial ownerships is received from the depositories.

## FORM NO. MGT-9 (CONT.)

### V. INDEBTEDNESS

#### **Indebtedness of the Company including interest outstanding/accrued but not due for payment**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	(₹ in crore)
				Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	79,758.27	-	79,758.27
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	917.99	-	917.99
<b>Total (i+ii+iii)</b>	-	<b>80,676.26</b>	-	<b>80,676.26</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	1,33,262.82	1,41,437.50	-	2,74,700.32
Reduction	(1,33,262.82)	(1,21,790.20)	-	(2,55,053.02)
<b>Net Change</b>	-	<b>19,647.30</b>	-	<b>19,647.30</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	99,226.37	-	99,226.37
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1,097.19	-	1,097.19
<b>Total (i+ii+iii)</b>	-	<b>1,00,323.56</b>	-	<b>1,00,323.56</b>

#### Notes:

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

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount (in ₹)
		Smt. Shikha Sharma	Shri V. Srinivasan	Shri Sanjeev K. Gupta*	
1	Gross salary				
	(a) Salary as per provisions contained u/s 17(1) of the Income-tax Act, 1961	5,16,28,500	3,54,10,613	4,25,26,826	12,95,65,939
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	24,79,109	40,692	2,71,358	27,91,159
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Options	9,00,000	5,00,000	6,00,000	
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others	-	-	-	-
5	Others	-	-	-	-
	<b>Total (A)</b>				<b>13,23,57,098</b>
	Ceiling as per the Act**	-	-	-	-

\* Shri Sanjeev Kumar Gupta, Executive Director (Corporate Centre) of the Bank had stepped down as the Chief Financial Officer of the Bank, w.e.f. the close of business hours on 27<sup>th</sup> October 2015 and continued to be Executive Director (Corporate Centre) of the Bank upto the close of business hours on 18<sup>th</sup> March 2016.

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

**B. Remuneration of other Directors:**

Sr. No.	Particulars of Remuneration to Independent Directors	V. R. Kaundinya	Prasad R Menon	Samir Barua	Som Mittal	Ireena Vittal*	Rohit Bhagat	S. Vishvanathan	Rakesh Makhija#	Ketaki Bhagwati\$	(in ₹)
											Total Amount
1	Fee for attending Board / Committee meetings	18,00,000	15,00,000	22,50,000	8,00,000	5,00,000	9,50,000	18,50,000	3,00,000	3,00,000	1,02,50,000
2	Commission	-	-	-	-	-	-	-	-	-	-
3	Others	-	-	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>18,00,000</b>	<b>15,00,000</b>	<b>22,50,000</b>	<b>8,00,000</b>	<b>5,00,000</b>	<b>9,50,000</b>	<b>18,50,000</b>	<b>3,00,000</b>	<b>3,00,000</b>	<b>1,02,50,000</b>

\* Resigned w.e.f. 23<sup>rd</sup> August 2015.

# appointed as Independent Director w.e.f. 27<sup>th</sup> October 2015.

\$ appointed as Independent Director w.e.f. 19<sup>th</sup> January 2016.

Sr. No.	Particulars of Remuneration of Non-Executive Directors	Dr. Sanjiv Misra*	Shri K. N. Prithviraj@	Shri B. Babu Rao#	Smt. Usha Sangwan	(in ₹)
						Total Amount
1	Fee for attending Board / Committee meetings	7,00,000		16,00,000	1,50,000	4,50,000
2	Commission	-	-	-	-	-
3	Others	27,66,133		-	-	27,66,133
	<b>Total (2)</b>	<b>34,66,133</b>		<b>16,00,000</b>	<b>1,50,000</b>	<b>4,50,000</b>
	<b>Total (B)=(1+2)</b>					<b>56,66,133</b>
	<b>Total Managerial Remuneration (A+B)</b>					<b>1,59,16,133</b>
						<b>14,82,73,231</b>

\* Dr. Sanjiv Misra was appointed as a Non-Executive (Part-Time) Chairman of the Bank for period of three years w.e.f. 8<sup>th</sup> March 2013. Upon completion of the said tenure, he was re-appointed, as the Non-Executive (Part-Time) Chairman of the Bank, for a period of three months, w.e.f. 8<sup>th</sup> March 2016. However, RBI vide its letter dated 6<sup>th</sup> April 2016 approved the said appointment w.e.f. 11<sup>th</sup> March 2016.

@ Tenure as the Non-Executive Director expired w.e.f. close of business hours on 8<sup>th</sup> January 2016.

# Appointed as Non-Executive Director w.e.f. 19<sup>th</sup> January 2016.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Sr. No.	Particulars of Remuneration	Jairam Sridharan, Chief Financial Officer*	Girish V Koliyote, Company Secretary@	Sanjeev Kapoor, Company Secretary#	(in ₹)	
					Total Amount	
1	Gross salary					
	(a) Salary as per provisions contained u/s 17(1) of the Income-tax Act, 1961	36,69,873	45,64,967	2,90,007	85,24,847	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7,69,187	26,318	1,12,200	9,07,705	
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	-	-	-	-	
2	Stock Option	1,40,000	-	-	5,000	
3	Sweat Equity	-	-	-	-	
4	Commission					
	- as % of profit	-	-	-	-	
	- others	-	-	-	-	
5	Others					
	<b>Total</b>	<b>44,39,060</b>	<b>45,91,285</b>	<b>4,02,207</b>	<b>94,32,552</b>	

\* Appointed w.e.f. 28<sup>th</sup> October 2015.

@ Appointed w.e.f. 1<sup>st</sup> May 2015.

# Upto 30<sup>th</sup> April 2015.

## **FORM NO. MGT-9 (CONT.)**

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

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

# DISCLOSURE ON REMUNERATION

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

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

- (i) The ratio of the remuneration of each Whole Time Director of the Bank to the median remuneration of the employees of the Bank for the financial year 2015-16;

Ratio of the remuneration of each Whole Time Director of the Bank to the median remuneration of the employees (excluding front line sales force) of the Bank are, Smt. Shikha Sharma - Managing Director & CEO ratio is 1: 72.5, Shri V Srinivasan – Deputy Managing Director ratio is 1:46.5, Shri Sanjeev Kumar Gupta - Executive Director (Corporate Center) ratio is 1:32.6

Note - We have considered all confirmed employees (excluding front line sales force) as on 31<sup>st</sup> March 2016.

Note - Shri Sanjeev Kumar Gupta retired from the Bank, with effect from the close of business hours on 18<sup>th</sup> March 2016.

- (ii) The percentage increase in remuneration of each Whole Time Director and the Company Secretary of the Bank, during the financial year 2015-16, are as under;

Percentage increase in remuneration for Smt. Shikha Sharma - Managing Director & CEO was 12.9%, Shri V. Srinivasan – Deputy Managing Director was 13.5%, Shri Sanjeev Kumar Gupta - Executive Director (Corporate Centre) (retired with effect from the close of business hours on 18<sup>th</sup> March 2016) was 24.5%, Shri Sanjeev Kapoor was 6% (upto 30<sup>th</sup> April 2015) and Shri Girish V. Koliyote was appointed as the Company Secretary of the Bank, with effect from 1<sup>st</sup> May 2015 and hence there was no increase in remuneration during the financial year 2015-16.

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

Median remuneration of employees (including sales force) of the Bank increased by 6.45% in the financial year 2015-16, as compared to the financial year 2014-15.

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

The Bank had 50,135 permanent employees on its rolls as on 31<sup>st</sup> March 2016.

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

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

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

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

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

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

## **DISCLOSURE ON REMUNERATION (CONT.)**

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

As on 31<sup>st</sup> March 2016, the market capitalization of the Bank was ₹105,833 crores (based on the closing price of Bank's Equity Shares on the NSE on 31<sup>st</sup> March 2016) as compared to ₹132,797 crores at the end of 31<sup>st</sup> March 2015, representing decrease of 25.47%. The Price Earning Ratio for the Bank's equity as on 31<sup>st</sup> March 2016 was 12.84 compared to 17.97 on 31<sup>st</sup> March 2015, representing a decrease of 28.87%.

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

Average remuneration increase for non managerial personnel of the Bank during the financial year was 8.2% and the average remuneration increase for the managerial personnel of the Bank was 15.4%.

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

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

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

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

Remuneration is decided based on the Bank's performance, individual performance and market benchmarks,. The same is first approved by Nomination and Remuneration committee and thereafter it is approved by the Board.

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

Accordingly, the increase in remuneration for Smt. Shikha Sharma - Managing Director & CEO was 12.9%, Shri. V Srinivasan – Deputy Managing Director was 13.5%, Shri Sanjeev Kumar Gupta – Executive Director (Corporate Centre) (retired with effect from the close of business hours on 18<sup>th</sup> March 2016) was 24.5% and Shri Sanjeev Kapoor was 6% (resigned with effect from the close of business hours on 30<sup>th</sup> April 2015). Shri Girish V. Koliyote was appointed as the Company Secretary of the Bank, with effect from 1<sup>st</sup> May 2015 and hence there was no increase in remuneration during the financial year 2015-16.

- (x) The key parameters for any variable component of remuneration availed by the directors;

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

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

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

Not Applicable.

Affirmation that the remuneration is as per the remuneration policy of the company.

The Comprehensive Remuneration Policy of the Bank has been approved by the Nomination and Remuneration Committee / Board of the Bank and is in line with Risk Alignment Policy Guidelines issued by the RBI. We affirm that the remuneration paid to all employees is as per the said Comprehensive Remuneration Policy of the Bank.

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

The Bank has framed a Corporate Social Responsibility (CSR) Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Bank's website and the web-link for the same is <http://www.axisbank.com/csr/pdf/Axis-Bank-Policy-CSR.pdf>

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

The CSR activities are pursued through various initiatives undertaken by the Bank or through Axis Bank Foundation (ABF) or through any other Trust or agencies and entities as deemed suitable. The Bank leverages its geographical spread to undertake such initiatives.

Set up as a Public Charitable Trust in 2006, Axis Bank Foundation (ABF) is the Corporate Social Responsibility (CSR) arm of Axis Bank Ltd. It complements the activities being carried out by the Bank under CSR with sharper focus on creating sustainable Livelihoods. Partnering with close to 100 NGOs across the length and breadth of India since it was set up, ABF has impacted 8.14 lacs beneficiaries across the focus areas till 31.03.2016. An illustrative list of various programs and activities supported by ABF can be accessed at [www.axisbankfoundation.org](http://www.axisbankfoundation.org).

ABF measures the impact of its programs through reputed external partner organisations. The impact from the evaluated programs has been manifold viz. developing capacities of rural poor, building community institutions, higher crop yields, increased savings, greater access of women to financial services, placement of trainees leading to employment and substantial increase in income over baseline income, all of which resulting in holistic development of communities. During the year 2015-16, ABF has released five thematic impact assessments reports highlighting the impacts of ABF programs. A CSR Process Manual was also released which is a compendium of best practices followed by ABF in CSR process management across the life-cycle of CSR initiatives. The documents are made available to public for free of charge through ABF website ([www.axisbankfoundation.org](http://www.axisbankfoundation.org)) in a bid to help NGOs and other organisations adopt such best practices in CSR process management across the life-cycle of CSR initiatives.

## **2. The Composition of the CSR Committee:** Shri Som Mittal (Chairman), Smt. Usha Sangwan and Shri V. Srinivasan.

## **3. Average net profit of the company for last three financial years:** ₹8,151.34 crores

## **4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):** ₹163.03 crores

## **5. Details of CSR spent during the financial year:**

- (a) Total amount spent for the financial year (2015-16): ₹137.41 crores
- (b) Amount unspent, if any: ₹25.62 crores
- (c) Manner in which the amount spent during the financial year is detailed in **Annexure A**.

## **ANNUAL REPORT ON CSR ACTIVITIES (CONT.)**

- 6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

As an integral part of society, the Bank is aware of its corporate social responsibilities and has been engaged in community and social investment. For this purpose, the Bank has set-up a Trust – the Axis Bank Foundation (ABF) and has been contributing one percent of its previous year's net profit to the Foundation and its partner NGOs since 2006-07 and has cumulatively contributed ₹329.26 crores till date. ABF activities are spread across 241 districts in 26 states across the country. During the year, the activities of ABF have reached out to additional 2.33 lacs beneficiaries, taking the cumulative count of beneficiaries to 8.14 lacs. The Bank also conducts programs on Environmental Sustainability, Skill Development and Financial Literacy and Inclusion.

During the year 2015-16, emphasis was laid on strengthening internal capabilities as well as those of ABF partner NGOs. A conference-cum-workshop was conducted by the Bank in association with ABF to release a CSR Process Manual. The Manual outlines critical best processes adopted by ABF from policy formulation and envisioning the strategic intent, project identification and selection through a rating tool, project implementing and monitoring tools, both programmatic and financial. To further enable NGOs and other organisations adopt best practices and tools, the CSR Process Manual has been made available to public for free of cost through ABF website [www.axisbankfoundation.org](http://www.axisbankfoundation.org). These activities are aimed to help the Bank in scaling its CSR programs in a sustainable manner.

During the year 2015-16, the Bank has spent ₹137.41 crores on various CSR activities, which is equivalent to 1.69% of its average net profits of the last three financial years. The CSR expenditure incurred for the year 2015-16 increased by ₹14.19 crores compared to that of 2014-15. While the absolute CSR expenditure has increased compared to last year, the Bank was not able to spend entire prescribed amount of 2% of its average net profits of the last three financial years for 2015-16. The Bank is committed to continually explore new opportunities which align to its CSR philosophy and create maximum impact, and incrementally invest in CSR activities to spend the prescribed CSR amount in the subsequent years.

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

Place: Mumbai

Date: 25<sup>th</sup> April 2016

V. Srinivasan

Deputy Managing Director

Som Mittal

Chairman – CSR Committee

**Annexure A**

(1) <b>Sr. No.</b> <b>Project or Activity identified</b>	(2) <b>Local area or other</b> <b>Specify the State and district where projects or programs was undertaken</b>	(3) <b>Sector in which the Project is covered</b>	(4) <b>Projects or Programs</b>	(5) <b>Amount Outlay (Budget) Project or programs wise</b>	(6) <b>Amount Spent on the Projects or programs Sub-heads:</b>	(7) <b>Cumulative Expenditure up to the Reporting Period</b>	(8) <b>Amount Spent by Direct or through implementing Agency</b>
					(1) <b>Direct Expenditure on Projects or Programs</b>	(2) <b>Overheads</b>	
1. Contribution to Axis Bank Foundation and its partner NGOs towards undertaking supplementary, special, vocational, livelihood enhancement, vocational skills training, conservation of natural resources and rural development, healthcare (including preventive healthcare). Details of the initiatives undertaken by Axis Bank Foundation are available at: <a href="http://www.axisbankfoundation.org">www.axisbankfoundation.org</a>	Education (primary secondary, vocational)	1. Andhra Pradesh (09 districts), Arunachal Pradesh (01 district), Assam (03 districts), Bihar (10 districts), Chhattisgarh (09 districts), Delhi (01 district), Gujarat (22 districts), Jharkhand (12 districts), Karnataka (14 districts), Kerala (04 districts), Madhya Pradesh (22 districts), Maharashtra (25 districts), Manipur (01 district), Meghalaya (06 districts), Mizoram (02 districts), Nagaland (01 district), Odisha (14 districts), Punjab (03 districts), Rajasthan (23 districts), Sikkim (01 district), Tamil Nadu (10 districts), Telangana (05 districts), Tripura (02 districts), Uttar Pradesh (10 districts), Uttarakhand (12 districts), West Bengal (10 districts)	₹73.58 crores (For 2015-16)	₹73.58 crores Overheads: Nil	₹73.58 crores Overheads: Nil	₹329.26 crores (Contribution to the corpus of Axis Bank Foundation and its partner NGOs since 2006-07)	Through Axis Bank Foundation and its partner NGOs
2. Financial literacy and inclusion program:	1. Local area	Andaman & Nicobar UT (02 districts), Andhra Pradesh (16 districts), Arunachal Pradesh (02 districts), Assam (27 districts), Bihar (37 districts), Chandigarh UT (01 district), Chhattisgarh (22 districts), Dadra & Nagar UT (01 district), Daman & Diu UT (02 districts), Delhi (11 districts), Gujarat (29 districts), Haryana (20 districts), Himachal Pradesh (07 districts), Jammu & Kashmir (13 districts), Jharkhand (21 districts), Karnataka (34 districts), Kerala (16 districts), Madhya Pradesh (50 districts), Maharashtra (36 districts), Manipur (06 districts), Meghalaya (04 districts), Mizoram (02 districts), Nagaland (04 districts), Odisha (33 districts), Puducherry UT (03 districts), Punjab (24 districts), Rajasthan (35 districts), Sikkim (03 districts), Tamil Nadu (33 districts), Telangana (10 districts), Uttar Pradesh (71 districts), Uttarakhand (07 districts), West Bengal (24 districts)	₹30.03 crores	₹30.03 crores Overheads: Nil	₹82.35 crores (since 2014-15)	Direct expenditure: ₹82.35 crores (since 2014-15)	Direct and through Business Correspondents
a.	Financial literacy initiatives to create awareness and educate various sections of society, especially those which do not have access to banking system, on personal financial management and provide them access through financial inclusion initiatives.						
b.	Financial literacy and consumer awareness initiatives to safeguard against fraud and cybercrime						

## ANNUAL REPORT ON CSR ACTIVITIES (CONT.)

**Annexure A**

(1) <b>CSR Project or Activity Sr. No. identified</b>	(2) <b>Sector in which the Project is covered</b>	(3) <b>Projects or Programs Local area or other Specify the State and district where projects or programs was undertaken</b>	(4)	(5) <b>Amount Outlay (Budget) Project or programs wise</b>	(6) <b>Amount Spent on the Projects or programs Sub-heads:</b>	(7) <b>Cumulative Expenditure up to the Reporting Period</b>	(8) <b>Amount Spent: Direct or through implementing Agency</b>
3.	Environmental sustainability program: a. Reduction of GHG emissions through use of renewable energy and optimising energy efficiency b. Promoting ecological balance and natural resource conservation through tree plantation	Environmental sustainability, ecological balance and natural resource conservation	1. Local area 2. Andaman & Nicobar UT (01 district), Andhra Pradesh (06 districts), Assam (05 districts), Bihar (08 districts), Chandigarh UT (01 district), Chhattisgarh (05 districts), Dadra & Nagar Haveli (11 districts), Gujarat (11 districts), Haryana (10 districts), Himachal Pradesh (01 district), Jharkhand (02 districts), Karnataka (12 districts), Kerala (04 districts), Madhya Pradesh (10 districts), Maharashtra (19 districts), Odisha (17 districts), Punjab (09 districts), Rajasthan (02 districts), Tamil Nadu (15 districts), Telangana (05 districts), Uttar Pradesh (09 districts), Uttarakhand (03 districts), West Bengal (12 districts)	₹28.35 crores	Direct expenditure: ₹28.35 crores Overheads: Nil	₹34.10 crores (since 2014-15)	Direct
4.	MSME Sector building program: Contribute to MSME sector capabilities enhancement through knowledge based skills development.	Education [skills development]	1. Local area 2. Andhra Pradesh (02 districts), Assam (01 district), Bihar (01 district), Chandigarh UT (01 district), Chhattisgarh (01 district), Delhi (01 district), Gujarat (04 districts), Haryana (01 district), Jharkhand (01 district), Karnataka (02 districts), Kerala (02 districts), Madhya Pradesh (02 districts), Maharashtra (05 districts), Odisha (01 district), Punjab (02 districts), Rajasthan (02 districts), Tamil Nadu (05 districts), Telangana (01 district), Uttar Pradesh (03 districts), West Bengal (01 district)	₹ 1.67 crores	Direct expenditure: ₹ 1.67 crores Overheads: Nil	₹2.76 crores (since 2014-15)	Direct
5.	Education and Skill development program: a. Promoting entrepreneurial skills among college students b. Importing employable skills to youth	Education [skills development]	1. Local area 2. Andhra Pradesh (02 districts), Bihar (01 district), Delhi (01 district), Gujarat (02 districts), Haryana (01 district), Jharkhand (02 districts), Karnataka (02 districts), Kerala (01 district), Madhya Pradesh (03 districts), Maharashtra (03 districts), Meghalaya (01 district), Odisha (02 districts), Rajasthan (02 districts), Tamil Nadu (01 district), Telangana (01 district), Uttar Pradesh (02 districts), West Bengal (01 district)	₹ 2.08 crores	Direct expenditure: ₹ 2.08 crores Overheads: Nil	₹ 2.08 crores (since 2014-15)	Direct
6.	Administrative expenses: Administrative and other expenses including salaries and training cost for the Bank's CSR personnel, training and capacity building of implementation partners and staff cost for CSR initiatives up to 5% of overall CSR Expenditure	Allowed under Rule 4, sub-rule 6 of CSR Rules 2014	Not Applicable	₹ 1.70 crores	Direct expenditure: Nil Overheads: ₹1.70 crores	₹3.52 crores (since 2014-15)	Direct
<b>TOTAL</b>				<b>₹137.41 crores</b>	<b>₹137.41 crores</b>	<b>₹454.07 crores</b>	

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

# FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

For the financial year ended 31<sup>st</sup> March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

**The Members  
Axis Bank Limited**

Trishul, 3<sup>rd</sup> Floor,  
Opp. Samartheshwar Temple,  
Law Garden Ellisbridge,  
Ahmedabad – 380 006, Gujarat.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **Axis Bank Limited** (hereinafter called 'the Bank') for the audit period covering the financial year ended on 31<sup>st</sup> March 2016 ('the audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of Secretarial Audit, and subject to our separate letter attached as Annexure I; we hereby report that in our opinion, the Bank has, during the audit period generally complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

## **SECRETARIAL AUDIT REPORT (CONT.)**

- (g) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;
- (h) The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
- (vi) The Banking Regulation Act, 1949.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India related to meetings and minutes
2. Listing Agreement entered into by the Bank with the Stock Exchanges(s)

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

During the period under review, provisions of the following regulations were not applicable to the Bank:

- (i) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (ii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

### **We further report that –**

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

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

Decisions at the meetings of the Board of Directors of the Bank were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

### **We further report that –**

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

### **We further report that during the audit period, the Bank has-**

1. Obtained approval of members by way of special resolution under section 180 (1) (c) of the Act to authorize the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Bank, but not exceeding a sum of ₹150,000 crores.
2. Obtained approval of members by way of special resolution under section 42 of the Act to borrow/raise funds in Indian / Foreign Currency by issue of debt instruments including but not limited to bonds in nature of non-convertible debentures upto ₹35,000 crores in domestic and/or overseas market.
3. Approved Sponsored Level 1 Depository Receipt (DR) issuance programme of upto 142 million DRs, with conversion of 5 equity shares to 1 DR, pursuant to the Depository Receipts Scheme, 2014 for facilitating issue of Depository Receipts outside India against underlying existing equity shares through a Foreign Depository through sponsored route.

For **BNP & Associates**  
Company Secretaries

Place: Mumbai  
Date : 26<sup>th</sup> April 2016

**Keyoor Bakshi**  
**Partner**  
FCS 1844/ CP No.2720

## Annexure I to the Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2016

To

**The Members,  
Axis Bank Limited**

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

1. Maintenance of Secretarial records and compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records and compliance based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

For **BNP & Associates**  
Company Secretaries

Place: Mumbai  
Date : 26<sup>th</sup> April 2016

**Keyoor Bakshi**  
**Partner**  
FCS 1844/ CP No.2720

# INDEPENDENT AUDITOR'S REPORT

To

**The Members of Axis Bank Limited**

## REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Axis Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31 March, 2016, the Profit and Loss Account and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and notes to the financial statements.

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

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply to the Bank and the Guidelines issued by the Reserve Bank of India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for the banking companies and give a true and fair view of the state of affairs of the Bank as at 31 March, 2016, its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

2. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and the appointment letter dated 28 July, 2015, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
  - (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
  - (c) The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 192 branches for the purpose of our audit.
3. Further, as required by Section 143(3) of the Companies Act, 2013, we further report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
  - (e) On the basis of written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate report in "Annexure 1" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Schedule 12.1 and 18.2.2.16 (a) to the standalone financial statements;
    - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts – Refer Note 18.2.2.16 to the financial statements.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

**For S. R. Batliboi & Co. LLP**  
 Chartered Accountants  
 Firm's Registration Number: 301003E

**per Viren H. Mehta**  
 Partner  
 Membership Number: 048749

Place of Signature: Mumbai  
 Date: 26 April, 2016

## **INDEPENDENT AUDITOR'S REPORT (CONT.)**

### **Annexure 1**

### **To The Independent Auditor's Report of even date on the Standalone Financial Statements of Axis Bank Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("The Act")**

**To**

#### **The Members of Axis Bank Limited**

We have audited the internal financial controls over financial reporting of Axis Bank Limited ("the Bank") as of 31 March, 2016 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E

**per Viren H. Mehta**

Partner

Membership Number: 048749

Place of Signature: Mumbai

Date: 26 April, 2016

# BALANCE SHEET

as at 31 March, 2016

(₹ in Thousands)

	Schedule No.	As at 31-03-2016	As at 31-03-2015
<b>Capital and Liabilities</b>			
Capital	1	4,765,664	4,741,044
Reserves & Surplus	2	526,883,409	442,024,106
Deposits	3	3,579,675,603	3,224,419,369
Borrowings	4	992,263,789	797,582,689
Other Liabilities and Provisions	5	151,087,716	150,556,734
<b>Total</b>		<b>5,254,676,181</b>	<b>4,619,323,942</b>
<b>Assets</b>			
Cash and Balances with Reserve Bank of India	6	223,611,495	198,188,397
Balances with Banks and Money at Call and Short Notice	7	109,642,909	162,801,921
Investments	8	1,220,062,019	1,175,502,121
Advances	9	3,387,737,229	2,810,830,297
Fixed Assets	10	35,231,719	25,143,105
Other Assets	11	278,390,810	246,858,101
<b>Total</b>		<b>5,254,676,181</b>	<b>4,619,323,942</b>
Contingent Liabilities	12	6,174,463,565	5,911,749,072
Bills for Collection		512,794,653	490,086,861
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Balance Sheet			

In terms of our report attached.

For Axis Bank Ltd.

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

Sanjiv Misra  
Chairman

Viren H. Mehta Partner	V. R. Kaundinya Director	Samir K. Barua Director	S. Vishvanathan Director	Rakesh Makhija Director	Shikha Sharma Managing Director & CEO
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Date : 26 April, 2016 Place: Mumbai	Girish V. Koliyote Company Secretary	Jairam Sridharan Chief Financial Officer	V. Srinivasan Deputy Managing Director
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# PROFIT & LOSS ACCOUNT

for the year ended 31 March, 2016

	Schedule No.	Year ended 31-03-2016	Year ended 31-03-2015
<b>I Income</b>			
Interest earned	13	409,880,364	354,785,977
Other income	14	93,714,644	83,650,458
<b>Total</b>		<b>503,595,008</b>	<b>438,436,435</b>
<b>II Expenditure</b>			
Interest expended	15	241,550,675	212,544,595
Operating expenses	16	101,008,186	92,037,456
Provisions and contingencies	18 (2.1.1)	78,799,519	60,276,161
<b>Total</b>		<b>421,358,380</b>	<b>364,858,212</b>
<b>III Net Profit For The Year (I - II)</b>		<b>82,236,628</b>	<b>73,578,223</b>
Balance in Profit & Loss Account brought forward from previous year		176,234,914	135,014,461
<b>IV Amount Available For Appropriation</b>		<b>258,471,542</b>	<b>208,592,684</b>
<b>V Appropriations:</b>			
Transfer to Statutory Reserve		20,559,157	18,394,555
Transfer to/(from) Investment Reserve		(418,074)	254,885
Transfer to Capital Reserve	18 (2.2.1)	620,406	631,421
Transfer to/(from) Reserve Fund	18 (2.2.2)	17,409	(12,664)
Proposed dividend (includes tax on dividend)	18 (2.2.5)	28,085	13,089,573
Balance in Profit & Loss Account carried forward		237,664,559	176,234,914
<b>Total</b>		<b>258,471,542</b>	<b>208,592,684</b>
<b>VI Earnings Per Equity Share</b>	18 (2.2.3)		
(Face value ₹2/- per share) (Rupees)			
Basic		34.59	31.18
Diluted		34.40	30.85
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Profit and Loss Account			

In terms of our report attached.

For Axis Bank Ltd.

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

Sanjiv Misra  
Chairman

Viren H. Mehta Partner	V. R. Kaundinya Director	Samir K. Barua Director	S. Vishvanathan Director	Rakesh Makija Director	Shikha Sharma Managing Director & CEO
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Date : 26 April, 2016 Place: Mumbai	Girish V. Koliyote Company Secretary	Jairam Sridharan Chief Financial Officer	V. Srinivasan Deputy Managing Director
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# CASH FLOW STATEMENT

for the year ended 31 March, 2016

	₹ in Thousands)	
	Year ended 31-03-2016	Year ended 31-03-2015
<b>Cash flow from operating activities</b>		
Net profit before taxes	123,937,495	110,568,345
<b>Adjustments for:</b>		
Depreciation on fixed assets	4,439,115	4,056,721
Depreciation on investments	840,096	(509,798)
Amortisation of premium on Held to Maturity investments	728,575	733,501
Provision for Non Performing Assets (including bad debts)	38,004,587	17,886,115
Provision on standard assets	3,870,067	2,902,218
Provision on unhedged foreign currency exposure	16,200	1,336,600
Provision for wealth tax	(477)	9,300
(Profit)/loss on sale of fixed assets (net)	(62,010)	35,854
Provision for restructured assets/strategic debt restructuring	(617,811)	(818,769)
Provision for other contingencies	(5,014,010)	2,480,373
	<b>166,141,827</b>	<b>138,680,460</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in investments	(6,943,927)	(114,269,391)
(Increase)/Decrease in advances	(613,096,568)	(526,386,792)
Increase /(Decrease) in deposits	355,256,234	414,973,720
(Increase)/Decrease in other assets	(25,873,975)	(43,399,588)
Increase/(Decrease) in other liabilities & provisions	12,423,339	4,112,258
Direct taxes paid	(47,625,463)	(40,787,347)
<b>Net cash flow from operating activities</b>	<b>(159,718,533)</b>	<b>(167,076,680)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(14,637,087)	(5,239,405)
(Increase)/Decrease in Held to Maturity investments	(38,854,665)	(35,803,065)
(Increase)/Decrease in Investment in Subsidiaries	(1,055,245)	(1,097,500)
Proceeds from sale of fixed assets	191,928	99,961
<b>Net cash used in investing activities</b>	<b>(54,355,069)</b>	<b>(42,040,009)</b>

## CASH FLOW STATEMENT (CONT.)

	₹ in Thousands)	
	<b>Year ended 31-03-2016</b>	<b>Year ended 31-03-2015</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	12,264,056	9,164,337
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	182,417,043	285,508,927
Proceeds from issue of share capital	24,620	42,599
Proceeds from share premium (net of share issue expenses)	3,028,823	4,768,948
Payment of dividend	(11,018,791)	(11,024,839)
<b>Net cash generated from financing activities</b>	<b>186,715,751</b>	<b>288,459,972</b>
Effect of exchange fluctuation translation reserve	(378,063)	(739,911)
Net increase in cash and cash equivalents	(27,735,914)	78,603,372
Cash and cash equivalents at the beginning of the year	360,990,318	282,386,946
<b>Cash and cash equivalents at the end of the year</b>	<b>333,254,404</b>	<b>360,990,318</b>
Notes to the Cash Flow Statement:		
1. Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	223,611,495	198,188,397
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	109,642,909	162,801,921
<b>Cash and cash equivalents at the end of the year</b>	<b>333,254,404</b>	<b>360,990,318</b>
2. Amount of Corporate Social Responsibility related expenses spent during the year in cash ₹120.07 crores (previous year ₹119.62 crores)		

In terms of our report attached.

For Axis Bank Ltd.

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

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

V. R. Kaundinya  
Director

Samir K. Barua  
Director

S. Vishvanathan  
Director

Rakesh Makija  
Director

Shikha Sharma  
Managing Director & CEO

Date : 26 April, 2016  
Place: Mumbai

Girish V. Koliyote  
Company Secretary

Jairam Sridharan  
Chief Financial Officer

V. Srinivasan  
Deputy Managing Director

# SCHEDULES

forming part of the Balance Sheet as at 31 March, 2016

## Schedule 1 - Capital

	₹ in Thousands)	
	As at 31-03-2016	As at 31-03-2015
<b>Authorised Capital</b>		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
<b>Issued, Subscribed and Paid-up capital</b>		
2,382,831,826 (Previous year - 2,370,522,199) Equity Shares of ₹2/- each fully paid-up [Refer Schedule 18.1]	4,765,664	4,741,044

## Schedule 2 - Reserves And Surplus

	₹ in Thousands)	
	As at 31-03-2016	As at 31-03-2015
<b>I. Statutory Reserve</b>		
Opening Balance	85,313,168	66,918,613
Additions during the year	20,559,157	18,394,555
	<b>105,872,325</b>	<b>85,313,168</b>
<b>II. Share Premium Account</b>		
Opening Balance	163,740,639	158,971,691
Additions during the year	3,028,823	4,768,948
Less: Share issue expenses	-	-
	<b>166,769,462</b>	<b>163,740,639</b>
<b>III. Investment Reserve Account</b>		
Opening Balance	1,289,745	1,034,860
Additions/(Deductions) during the year (net)	(418,074)	254,885
	<b>871,671</b>	<b>1,289,745</b>
<b>IV. General Reserve</b>		
Opening Balance	3,543,100	3,543,100
Additions during the year	-	-
	<b>3,543,100</b>	<b>3,543,100</b>
<b>V. Capital Reserve</b>		
Opening Balance	10,480,249	9,848,828
Additions during the year [Refer Schedule 18 (2.2.1)]	620,406	631,421
	<b>11,100,655</b>	<b>10,480,249</b>
<b>VI. Foreign Currency Translation Reserve</b> [Refer Schedule 17 (4.5)]		
Opening Balance	1,398,406	2,138,317
Additions/(Deductions) during the year (net)	(378,063)	(739,911)
	<b>1,020,343</b>	<b>1,398,406</b>
<b>VII. Reserve Fund</b>		
Opening Balance	23,885	36,549
Additions/(Deductions) during the year (net) [Refer Schedule 18 (2.2.2)]	17,409	(12,664)
	<b>41,294</b>	<b>23,885</b>
<b>VIII. Balance in Profit &amp; Loss Account</b>		
Total	<b>526,883,409</b>	<b>442,024,106</b>

### Schedule 3 - Deposits

		(₹ in Thousands)	
		As at 31-03-2016	As at 31-03-2015
A.	I.	Demand Deposits	
	(i)	From banks	46,706,288
	(ii)	From others	589,812,876
	II.	Savings Bank Deposits	1,057,931,260
	III.	Term Deposits	
	(i)	From banks	74,025,125
	(ii)	From others	1,811,200,054
		<b>Total</b>	<b>3,579,675,603</b>
B.	I.	Deposits of branches in India	3,533,429,221
	II.	Deposits of branches outside India	46,246,382
		<b>Total</b>	<b>3,579,675,603</b>
			<b>3,224,419,369</b>
			<b>3,224,419,369</b>

### Schedule 4 - Borrowings

		(₹ in Thousands)	
		As at 31-03-2016	As at 31-03-2015
I.	Borrowings in India		
	(i)	Reserve Bank of India	-
	(ii)	Other banks <sup>#</sup>	14,078,000
	(iii)	Other institutions & agencies **	365,006,111
II.	Borrowings outside India §		
		<b>Total</b>	<b>613,179,678</b>
			<b>992,263,789</b>
		Secured borrowings included in I & II above	-
			-

# Borrowings from other banks include Subordinated Debt of ₹90.10 crores (previous year ₹377.60 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹25.00 crores (previous year Nil) and Upper Tier II instruments of ₹49.10 crores [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

\*\* Borrowings from other institutions & agencies include Subordinated Debt of ₹12,240.70 crores (previous year ₹10,823.20 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹189.00 crores (previous year ₹214.00 crores) and Upper Tier II instruments of ₹258.40 crores (previous year ₹258.40 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

\$ Borrowings outside India include Perpetual Debt of ₹304.77 crores (previous year ₹287.50 crores) and Upper Tier II instruments of ₹1,391.12 crores (previous year ₹1,311.98 crores) [Also refer Note 18 (2.1.3)]

### Schedule 5 - Other Liabilities and Provisions

		(₹ in Thousands)	
		As at 31-03-2016	As at 31-03-2015
I.	Bills payable	36,453,959	39,372,758
II.	Inter-office adjustments (net)	-	-
III.	Interest accrued	25,607,530	20,547,095
IV.	Proposed dividend (includes tax on dividend) [Refer Schedule 18(2.2.5)]	-	13,055,440
V.	Contingent provision against standard assets	19,997,702	15,956,484
VI.	Others (including provisions)	69,028,525	61,624,957
	<b>Total</b>	<b>151,087,716</b>	<b>150,556,734</b>

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2016 (CONT.)

### Schedule 6 - Cash and Balances with Reserve Bank of India

	₹ in Thousands)	As at 31-03-2016	As at 31-03-2015
I. Cash in hand (including foreign currency notes)		41,204,831	42,154,312
II. Balances with Reserve Bank of India			
(i) in Current Account		182,406,664	156,034,085
(ii) in Other Accounts		-	-
<b>Total</b>		<b>223,611,495</b>	<b>198,188,397</b>

### Schedule 7 - Balances with Banks and Money at Call and Short Notice

	₹ in Thousands)	As at 31-03-2016	As at 31-03-2015
I. In India			
(i) Balance with Banks			
(a) in Current Accounts		1,956,494	1,941,210
(b) in Other Deposit Accounts		11,742,150	12,852,440
(ii) Money at Call and Short Notice			
(a) With banks		-	-
(b) With other institutions		41,184,875	86,192,067
<b>Total</b>		<b>54,883,519</b>	<b>100,985,717</b>
II. Outside India			
(i) in Current Accounts		15,425,387	8,062,433
(ii) in Other Deposit Accounts		26,820,821	24,314,311
(iii) Money at Call & Short Notice		12,513,182	29,439,460
<b>Total</b>		<b>54,759,390</b>	<b>61,816,204</b>
<b>Grand Total (I+II)</b>		<b>109,642,909</b>	<b>162,801,921</b>

### Schedule 8 - Investments

	₹ in Thousands)	As at 31-03-2016	As at 31-03-2015
I. Investments in India in -			
(i) Government Securities # # **		850,430,001	812,460,111
(ii) Other approved securities		-	-
(iii) Shares		12,439,171	7,390,249
(iv) Debentures and Bonds		229,119,358	250,682,120
(v) Investment in Subsidiaries/Joint Ventures		9,559,365	8,694,365
(vi) Others (Mutual Fund units, CD/CP, PTC etc.)		93,688,157	81,147,747
<b>Total Investments in India</b>		<b>1,195,236,052</b>	<b>1,160,374,592</b>
II. Investments outside India in -			
(i) Government Securities (including local authorities)		19,765,979	9,831,909
(ii) Subsidiaries and/or joint ventures abroad		3,185,957	2,995,712
(iii) Others (Equity Shares and Bonds)		1,874,031	2,299,908
<b>Total Investments outside India</b>		<b>24,825,967</b>	<b>15,127,529</b>
<b>Grand Total (I+II)</b>		<b>1,220,062,019</b>	<b>1,175,502,121</b>

# # Includes securities costing ₹29,020.93 crores (previous year ₹11,981.89 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

\*\* Net of Repo borrowing of ₹9,517.86 crores (previous year ₹6,194.55 crores) under the Liquidity Adjustment Facility in line with the RBI requirements

## Schedule 9 - Advances

		(₹ in Thousands)	
		As at 31-03-2016	As at 31-03-2015
A.	(i) Bills purchased and discounted	47,107,156	52,037,662
	(ii) Cash credits, overdrafts and loans repayable on demand <sup>@</sup>	965,580,679	804,186,766
	(iii) Term loans <sup>#</sup>	2,375,049,394	1,954,605,869
	<b>Total</b>	<b>3,387,737,229</b>	<b>2,810,830,297</b>
B.	(i) Secured by tangible assets <sup>\$</sup>	2,548,351,778	2,194,008,860
	(ii) Covered by Bank/Government Guarantees <sup>&amp;&amp;</sup>	38,950,273	34,123,543
	(iii) Unsecured	800,435,178	582,697,894
	<b>Total</b>	<b>3,387,737,229</b>	<b>2,810,830,297</b>
C.	I. Advances in India		
	(i) Priority Sector	816,012,439	697,714,885
	(ii) Public Sector	35,457,656	35,629,745
	(iii) Banks	3,724,685	2,392,968
	(iv) Others	2,032,043,809	1,616,864,530
	<b>Total</b>	<b>2,887,238,589</b>	<b>2,352,602,128</b>
	II. Advances Outside India		
	(i) Due from banks	1,373,656	1,562,500
	(ii) Due from others -		
	(a) Bills purchased and discounted	13,220,139	4,528,093
	(b) Syndicated loans	120,042,346	117,111,191
	(c) Others	365,862,499	335,026,385
	<b>Total</b>	<b>500,498,640</b>	<b>458,228,169</b>
	<b>Grand Total (CI+CII)</b>	<b>3,387,737,229</b>	<b>2,810,830,297</b>

<sup>@</sup> Net of borrowings under Inter Bank Participation Certificate/Funded Risk Participation ₹662.55 crores (previous year ₹1,301.43 crores)

<sup>#</sup> Net of borrowings under Inter Bank Participation Certificate ₹7,483.34 crores (previous year ₹15,317.68 crores)

<sup>\$</sup> Includes advances against book debts

<sup>&&</sup> Includes advances against L/Cs issued by banks

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2016 (CONT.)

### Schedule 10 - Fixed Assets

	₹ in Thousands)	
	As at 31-03-2016	As at 31-03-2015
<b>I. Premises</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	9,506,571	9,041,075
Additions during the year	8,800,025	465,496
Deductions during the year	(17,130)	-
<b>Total</b>	<b>18,289,466</b>	<b>9,506,571</b>
<b>Depreciation</b>		
As at the beginning of the year	708,708	556,787
Charge for the year	158,678	151,921
Deductions during the year	(6,708)	-
Depreciation to date	860,678	708,708
<b>Net Block</b>	<b>17,428,788</b>	<b>8,797,863</b>
<b>II. Other fixed assets (including furniture &amp; fixtures)</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	35,463,482	32,507,770
Additions during the year	4,779,949	4,757,982
Deductions during the year	(577,483)	(1,802,270)
<b>Total</b>	<b>39,665,948</b>	<b>35,463,482</b>
<b>Depreciation</b>		
As at the beginning of the year	20,130,851	17,886,636
Charge for the year	4,280,437	3,904,800
Deductions during the year	(478,547)	(1,660,585)
Depreciation to date	23,932,741	20,130,851
<b>Net Block</b>	<b>15,733,207</b>	<b>15,332,631</b>
<b>III. Capital Work-In-Progress (including capital advances)</b>	<b>2,069,724</b>	<b>1,012,611</b>
<b>Grand Total (I+II+III)</b>	<b>35,231,719</b>	<b>25,143,105</b>

### Schedule 11 - Other Assets

	₹ in Thousands)	
	As at 31-03-2016	As at 31-03-2015
I. Inter-office adjustments (net)	-	-
II. Interest Accrued	43,874,709	41,505,112
III. Tax paid in advance/tax deducted at source (net of provisions)	3,158,993	2,047,331
IV. Stationery and stamps	8,291	10,081
V. Non banking assets acquired in satisfaction of claims	-	-
VI. Others #@	231,348,817	203,295,577
<b>Total</b>	<b>278,390,810</b>	<b>246,858,101</b>

# Includes deferred tax assets of ₹1,958.79 crores (previous year ₹1,886.91 crores) [Refer Schedule 18 (2.2.10)]

@ Includes Priority Sector Shortfall Deposits of ₹16,659.19 crores (previous year ₹14,792.62 crores)

**Schedule 12 - Contingent Liabilities**

	(₹ in Thousands)	As at 31-03-2016	As at 31-03-2015
I. Claims against the Bank not acknowledged as debts		2,634,701	2,740,743
II. Liability for partly paid investments		-	-
III. Liability on account of outstanding forward exchange and derivative contracts:			
a) Forward Contracts		2,556,675,471	2,800,956,981
b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures		1,796,648,784	1,641,749,576
c) Foreign Currency Options		429,005,192	238,438,623
<b>Total (a+b+c)</b>		<b>4,782,329,447</b>	<b>4,681,145,180</b>
IV. Guarantees given on behalf of constituents			
In India		558,340,064	582,793,361
Outside India		128,192,798	137,954,192
V. Acceptances, endorsements and other obligations		294,853,158	315,837,757
VI. Other items for which the Bank is contingently liable		408,113,397	191,277,839
<b>Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.2.16)]</b>		<b>6,174,463,565</b>	<b>5,911,749,072</b>

## **SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2016**

### **Schedule 13 - Interest Earned**

	(₹ in Thousands)	
	Year ended 31-03-2016	Year ended 31-03-2015
I. Interest/discount on advances/bills	300,405,581	258,678,187
II. Income on investments	93,775,869	84,477,531
III. Interest on balances with Reserve Bank of India and other inter-bank funds	2,952,470	2,312,594
IV. Others	12,746,444	9,317,665
<b>Total</b>	<b>409,880,364</b>	<b>354,785,977</b>

### **Schedule 14 - Other Income**

	(₹ in Thousands)	
	Year ended 31-03-2016	Year ended 31-03-2015
I. Commission, exchange and brokerage	67,075,650	61,210,700
II. Profit/(Loss) on sale of investments (net) [Refer Schedule 18(2.2.1)]	10,186,480	9,949,036
III. Profit/(Loss) on sale of fixed assets (net) [Refer Schedule 18(2.2.1)]	62,010	(35,854)
IV. Profit on exchange/derivative transactions (net)	12,750,694	9,841,234
V. Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	1,397,525	338,125
VI. Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years ₹160.49 crores (previous year ₹169.86 crores) and net profit on account of portfolio sell downs/securitisation ₹6.12 crores (previous year ₹43.40 crores)]	2,242,285	2,347,217
<b>Total</b>	<b>93,714,644</b>	<b>83,650,458</b>

### **Schedule 15 - Interest Expended**

	(₹ in Thousands)	
	Year ended 31-03-2016	Year ended 31-03-2015
I. Interest on deposits	185,402,135	171,368,102
II. Interest on Reserve Bank of India/Inter-bank borrowings	20,672,680	15,170,269
III. Others	35,475,860	26,006,224
<b>Total</b>	<b>241,550,675</b>	<b>212,544,595</b>

### **Schedule 16 - Operating Expenses**

	(₹ in Thousands)	
	Year ended 31-03-2016	Year ended 31-03-2015
I. Payments to and provisions for employees	33,760,064	31,149,697
II. Rent, taxes and lighting	6,740,961	8,102,644
III. Printing and stationery	1,383,908	1,183,585
IV. Advertisement and publicity	883,416	905,679
V. Depreciation on bank's property	4,439,115	4,056,721
VI. Directors' fees, allowance and expenses	21,146	17,596
VII. Auditors' fees and expenses	16,411	15,692
VIII. Law charges	170,562	108,424
IX. Postage, telegrams, telephones etc.	2,579,313	3,069,818
X. Repairs and maintenance	7,142,770	7,323,168
XI. Insurance	4,154,531	3,663,895
XII. Other expenditure	39,715,989	32,440,537
<b>Total</b>	<b>101,008,186</b>	<b>92,037,456</b>

# SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March, 2016

## 1 Background

Axis Bank Limited ('the Bank') was incorporated in 1993 and provides a complete suite of corporate and retail banking products. The Bank is primarily governed by the Banking Regulation Act, 1949. The Bank has overseas branches at Singapore, Hong Kong, DIFC - Dubai, Shanghai and Colombo.

## 2 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India to comply with the statutory requirements prescribed under the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

## 3 Use of estimates

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

## 4 Significant accounting policies

### 4.1 Investments

#### *Classification*

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

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

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

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

All other investments are classified as AFS securities.

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

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

#### *Transfer of security between categories*

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

#### *Acquisition cost*

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

## **SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

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

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

### **Valuation**

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

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

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

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

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

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

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

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

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

#### *Repurchase and reverse repurchase transactions*

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

#### *Short Sales*

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

### **4.2 Advances**

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

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

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

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

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

The Bank makes provision in accordance with the RBI guidelines, on assets subjected to Strategic Debt Restructuring.

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

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

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

## **SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

### **4.3 Country risk**

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

### **4.4 Securitisation**

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate ('PTC') holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

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

### **4.5 Foreign currency transactions**

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

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

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

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

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

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

### **4.6 Derivative transactions**

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

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

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

#### **4.7 Revenue recognition**

Interest income is recognised on an accrual basis except interest income on non-performing assets, which is recognised on receipt in accordance with AS-9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines.

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

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

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

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

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

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

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

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes 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 over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

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

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

## **SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

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

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

### **4.9 Lease transactions**

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

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

#### **Provident Fund**

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate.

#### **Gratuity**

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

#### **Compensated Absences**

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

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

#### **Superannuation**

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

### **4.11 Reward points**

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

### **4.12 Taxation**

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

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

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

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

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

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

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

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

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

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

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

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

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

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

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

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

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

# NOTES

forming part of the financial statements for the year ended 31 March, 2016

(Currency: In Indian Rupees)

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

## 2. Statutory disclosures as per RBI

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

For the year ended	31 March, 2016	31 March, 2015
Provision for income tax		
- Current tax	4,241.96	3,852.37
- Deferred tax (Refer 2.2.10)	(71.87)	(153.36)
	<b>4,170.09</b>	<b>3,699.01</b>
Provision for wealth tax	(0.05)	0.93
Provision for non-performing assets (including bad debts written off and write backs)	3,800.46	1,788.61
Provision for restructured assets/strategic debt restructuring	(61.78)	(81.88)
Provision towards standard assets	387.00	290.22
Provision for depreciation in value of investments	84.01	(50.98)
Provision for unhedged foreign currency exposure	1.62	133.66
Provision for other contingencies*	(501.40)	248.05
<b>Total</b>	<b>7,879.95</b>	<b>6,027.62</b>

\* includes contingent provision for advances/other exposures, legal cases and other contingencies

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

	31 March, 2016	31 March, 2015
Capital adequacy		
Common Equity Tier I	50,409.23	41,680.96
Tier I	50,517.51	41,680.96
Tier II	11,231.79	10,423.85
<b>Total capital</b>	<b>61,749.30</b>	<b>52,104.81</b>
Total risk weighted assets and contingents	403,949.18	345,200.44
Capital ratios		
Common Equity Tier I	12.48%	12.07%
Tier I	12.51%	12.07%
Tier II	2.78%	3.02%
<b>CRAR</b>	<b>15.29%</b>	<b>15.09%</b>
<b>Amount of equity capital raised</b>	<b>-</b>	<b>-</b>
<b>Amount of additional Tier I capital raised of which:</b>		
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI)	-	-
<b>Amount of Tier II capital raised of which:</b>		
Debt capital instrument (details given below)	1,500.00	850.00
Preferential capital instrument	-	-

During the year ended 31 March, 2016, the Bank raised subordinated debt of ₹1,500 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
30 September, 2025	120 months	8.50%	₹1,500 crores

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

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

During the year ended 31 March, 2016, the Bank redeemed subordinated debt of ₹370 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
22 March, 2016	120 months	8.75%	₹360 crores
22 March, 2016	120 months	8.56%	₹10 crores

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

2.1.3 The Bank has not raised any hybrid capital during the years ended 31 March, 2016 and 31 March, 2015.

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

As at	31 March, 2016 %	31 March, 2015 %
Interest income as a percentage to working funds <sup>#</sup>	8.59	8.81
Non-interest income as a percentage to working funds <sup>#</sup>	1.96	2.08
Operating profit as a percentage to working funds <sup>#</sup>	3.38	3.33
Return on assets (based on working funds) <sup>#</sup>	1.72	1.83
Business (deposits less inter-bank deposits plus advances) per employee**	₹14.84 crores	₹13.71 crores
Profit per employee**	₹0.18 crores	₹0.17 crores
Net non-performing assets as a percentage of net customer assets *	0.70	0.44

# 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 representing Non-SLR investments through primary market.

\*\* 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, 2016 was 72.27% (previous year 77.73%).

## NOTES (CONT.)

### 2.1.6 Asset Quality

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

	31 March, 2016 %	31 March, 2015 %
Net non-performing advances as a percentage of net advances	0.74	0.46

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

	(₹ in crores)			
	31 March, 2016			
	Advances	Investments	Others*	Total
Gross NPAs as at the beginning of the year	3,866.91	243.28	-	4,110.19
Intra Category Transfer	-	-	-	-
Additions (fresh NPAs) during the year	7,241.14	66.26	37.16	7,344.56
<b>Sub-total (A)</b>	<b>11,108.05</b>	<b>309.54</b>	<b>37.16</b>	<b>11,454.75</b>
Less:-				
(i) Upgradations	341.87	-	-	341.87
(ii) Recoveries (excluding recoveries made from upgraded accounts)	1,683.27	9.04	10.53	1,702.84
(iii) Technical/Prudential Write-offs	1,470.55	61.47	1.99	1,534.01
(iv) Write-offs other than those under (iii) above	1,763.88	-	24.64	1,788.52
<b>Sub-total (B)</b>	<b>5,259.57</b>	<b>70.51</b>	<b>37.16</b>	<b>5,367.24</b>
<b>Gross NPAs as at the end of the year (A-B)</b>	<b>5,848.48</b>	<b>239.03</b>	<b>-</b>	<b>6,087.51</b>
	(₹ in crores)			
	31 March, 2015			
	Advances	Investments	Others*	Total
Gross NPAs as at the beginning of the year	3,001.42	144.91	0.08	3,146.41
Intra Category Transfer	0.08	-	(0.08)	-
Additions (fresh NPAs) during the year	2,747.81	106.58	-	2,854.39
<b>Sub-total (A)</b>	<b>5,749.31</b>	<b>251.49</b>	<b>-</b>	<b>6,000.80</b>
Less:-				
(i) Upgradations	317.16	-	-	317.16
(ii) Recoveries (excluding recoveries made from upgraded accounts)	355.33	-	-	355.33
(iii) Technical/Prudential Write-offs	832.48	-	-	832.48
(iv) Write-offs other than those under (iii) above	377.43	8.21	-	385.64
<b>Sub-total (B)</b>	<b>1,882.40</b>	<b>8.21</b>	<b>-</b>	<b>1,890.61</b>
<b>Gross NPAs as at the end of the year (A-B)</b>	<b>3,866.91</b>	<b>243.28</b>	<b>-</b>	<b>4,110.19</b>

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

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

	(₹ in crores)			
	31 March, 2016			
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	1,286.97	29.74	-	1,316.71
Additions during the year	4,400.89	(15.69)	21.10	4,406.30
Effect of exchange rate fluctuation	(10.35)	(0.62)	-	(10.97)
Reductions during the year	(3,088.14)	(9.88)	(21.10)	(3,119.12)
Interest Capitalisation – Restructured NPA Accounts	(70.78)	-	-	(70.78)
<b>Closing balance at the end of the year*</b>	<b>2,518.59</b>	<b>3.55</b>	<b>-</b>	<b>2,522.14</b>

# net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹172.00 crores

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

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

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

	(₹ in crores)			
	31 March, 2016			
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	2,481.79	210.47	-	2,692.26
Intra-Category Transfer	-	-	-	-
Provisions made during the year	2,786.61	81.95	16.06	2,884.62
Effect of exchange rate fluctuation	10.35	0.62	-	10.97
Transfer from restructuring provision	53.64	-	-	53.64
Write-offs/(write back) of excess provision	(2,171.43)*	(60.63)	(16.06)	(2,248.12)
<b>Closing balance at the end of the year</b>	<b>3,160.96</b>	<b>232.41</b>	<b>-</b>	<b>3,393.37</b>

\* includes provision utilised for sale of NPAs amounting to ₹498.62 crores

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

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

## NOTES (CONT.)

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

	(₹ in crores)	31 March, 2016	31 March, 2015
Opening balance at the beginning of the year		2,255.57	1,694.13
Add: Technical/Prudential write-offs during the year		1,534.01	832.48
<b>Sub-total (A)</b>		<b>3,789.58</b>	<b>2,526.61</b>
Less: Recovery made from previously technical/prudential written-off accounts during the year		113.87	132.83
Less: Sacrifice made from previously technical/prudential written-off accounts during the year		48.56	138.21
<b>Sub-total (B)</b>		<b>162.43</b>	<b>271.04</b>
<b>Closing balance at the end of the year (A-B)</b>		<b>3,627.15</b>	<b>2,255.57</b>

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

	(₹ in crores)	31 March, 2016	31 March, 2015
<b>Total exposure to top four NPA accounts</b>		<b>1,121.06</b>	<b>931.34</b>

- vii) Sector-wise advances:

Sr. No.	Sector	31 March, 2016			31 March, 2015		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
<b>A Priority Sector</b>							
1	<b>Agriculture and allied activities</b>	22,846.55	557.71	2.44%	17,878.06	404.61	2.26%
2	<b>Advances to industries sector eligible as priority sector lending</b>	17,236.22	302.01	1.75%	16,726.92	256.30	1.53%
	- Basic Metal & Metal Products	1,656.87	43.17	2.61%	1,380.51	18.74	1.36%
	- Infrastructure	646.23	15.43	2.39%	506.78	8.82	1.74%
3	<b>Services</b>	15,318.79	271.96	1.78%	12,779.07	78.68	0.62%
	- Banking and Finance other than NBFCs and MFs	3,452.87	94.78	2.74%	4,899.58	14.59	0.30%
	- Commercial Real Estate	268.85	6.55	2.44%	114.52	0.43	0.38%
	- Trade	7,784.33	144.25	1.85%	6,505.10	52.87	0.81%
4	<b>Personal loans</b>	26,964.96	175.91	0.65%	22,896.47	108.82	0.48%
	- Housing	23,620.65	90.73	0.38%	18,531.98	69.17	0.37%
	<b>Sub-total (A)</b>	<b>82,366.52</b>	<b>1,307.59</b>	<b>1.59%</b>	<b>70,280.52</b>	<b>848.41</b>	<b>1.21%</b>
<b>B Non Priority Sector</b>							
1	<b>Agriculture and allied activities</b>	-	-	-	<b>22.68</b>	-	-
2	<b>Industry</b>	123,016.88	2,817.80	2.29%	101,326.00	1,696.24	1.67%
	- Basic Metal & Metal Products	18,637.41	172.80	0.93%	14,714.28	128.15	0.87%
	- Infrastructure	47,196.13	917.46	1.94%	36,449.43	394.70	1.08%

(₹ in crores)

Sr. No.	Sector	31 March, 2016			31 March, 2015		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
<b>3</b>	<b>Services</b>	<b>54,104.27</b>	<b>1,143.99</b>	<b>2.11%</b>	<b>42,988.97</b>	<b>870.63</b>	<b>2.03%</b>
-	<i>Banking and Finance other than NBFCs and MFs</i>	6,448.59	-	-	4,934.56	-	-
-	Commercial Real Estate	15,302.23	143.79	0.94%	11,129.20	65.00	0.58%
-	Trade	10,380.73	390.22	3.76%	8,727.17	123.36	1.41%
<b>4</b>	<b>Personal loans</b>	<b>82,824.28</b>	<b>579.10</b>	<b>0.70%</b>	<b>69,390.57</b>	<b>451.63</b>	<b>0.65%</b>
-	Housing	40,266.78	214.97	0.53%	36,408.22	137.43	0.38%
	<b>Sub-total (B)</b>	<b>259,945.43</b>	<b>4,540.89</b>	<b>1.75%</b>	<b>213,728.22</b>	<b>3,018.50</b>	<b>1.41%</b>
	<b>Total (A+B)</b>	<b>342,311.95</b>	<b>5,848.48</b>	<b>1.71%</b>	<b>284,008.74</b>	<b>3,866.91</b>	<b>1.36%</b>

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

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

2.1.7 During the years ended 31 March, 2016 and 31 March, 2015; none of the exposures to Indian corporates at overseas branches of the Bank have been classified as NPA by any host banking regulator for reasons other than record of recovery.

2.1.8 Movement in floating provision is set out below:

For the year ended	(₹ in crores)	
	31 March, 2016	31 March, 2015
Opening balance at the beginning of the year	3.25	3.25
Provisions made during the year	-	-
Draw down made during the year	-	-
<b>Closing balance at the end of the year</b>	<b>3.25</b>	<b>3.25</b>

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

2.1.9 Provision on Standard Assets

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Provision towards Standard Assets [includes ₹21.54 crores (previous year ₹19.13 crores) of standard provision on derivative exposures]	1,999.77	1,595.65

## NOTES (CONT.)

2.1.10 Details of Investments are set out below:

- i) Value of Investments:

	31 March, 2016	31 March, 2015
	(₹ in crores)	
1) Gross value of Investments		
a) In India	119,973.28	116,361.35
b) Outside India	2,487.95	1,471.67
2) (i) Provision for Depreciation		
a) In India	(222.62)	(126.62)
b) Outside India	-	54.28
(ii) Provision for Non-Performing Investments		
a) In India	(227.06)	(197.27)
b) Outside India	(5.35)	(13.20)
3) Net value of Investments		
a) In India	119,523.60	116,037.46
b) Outside India	2,482.60	1,512.75

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

	31 March, 2016	31 March, 2015
	(₹ in crores)	
Opening balance	72.34	123.32
Add: Provisions made during the year	150.28	52.21
Less: Write offs/write back of excess provisions during the year	-	103.19
<b>Closing balance</b>	<b>222.62</b>	<b>72.34</b>

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

As at	31 March, 2016	31 March, 2015
	(₹ in crores)	
<b>A. Exposure to Real Estate Sector</b>		
1) Direct Exposure		
(i) Residential mortgages	74,755.77	63,757.61
- of which housing loans eligible for inclusion in priority sector advances	20,953.54	19,523.78
(ii) Commercial real estate	24,715.95	20,759.52
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	-	-
b. Commercial real estate	75.00	75.00
2) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	12,343.91	12,332.48
<b>Total Exposure to Real Estate Sector</b>	<b>111,890.63</b>	<b>96,924.61</b>
<b>B. Exposure to Capital Market</b>		
1. Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt*	1,265.62	904.84
2. Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	1.94	3.19
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	1,189.02	1,159.56

As at	31 March, 2016	31 March, 2015
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	4,458.99	4,236.16
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	4,556.62	4,198.67
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	12.59	2.34
7. Bridge loans to companies against expected equity flows/issues	2.23	3.59
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)	88.10	104.43
<b>Total exposure to Capital Market (Total of 1 to 10)</b>	<b>11,575.11</b>	<b>10,612.78</b>

\* excludes investment in equity shares on account of conversion of debt into equity as part of Strategic Debt Restructuring amounting to ₹27.22 crores for the year ended 31 March, 2016 which are exempted from exposure to Capital Market

2.1.12 As on 31 March, 2016, outstanding receivables acquired by the Bank under factoring stood at ₹12.95 crores which are reported under 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet.

2.1.13 During the years ended 31 March, 2016 and 31 March, 2015 there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken as collateral by the Bank.

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

- i) Issuer composition as at 31 March, 2016 of non-SLR investments\*:

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	4,506.81	3,579.86	336.30	-	49.00
ii.	Financial Institutions	2,837.05	1,273.80	0.30	-	2.00
iii.	Banks	5,876.60	4,780.19	102.84	-	4,611.53
iv.	Private Corporates	20,059.26	16,666.34	2,995.80	750.06	6,367.41
v.	Subsidiaries	1,274.53	1,274.53	-	-	1,274.53
vi.	Others	2,863.99	1,569.67	-	0.15	1,676.02
vii.	Provision held towards depreciation on investments	(222.62)				
viii.	Provision held towards non performing investments	(232.41)				
	<b>Total</b>	<b>36,963.21</b>	<b>29,144.39</b>	<b>3,435.24</b>	<b>750.21</b>	<b>13,980.49</b>

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

## NOTES (CONT.)

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

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities	(₹ in crores)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
i.	Public Sector Units	4,911.76	4,016.26	-	-	40.59	
ii.	Financial Institutions	2,723.71	1,210.64	-	-	2.00	
iii.	Banks	7,031.48	990.50	-	-	5,452.24	
iv.	Private Corporates	19,460.90	16,369.10	3,803.95	1,169.33	3,744.49	
v.	Subsidiaries	1,169.01	1,169.01	-	-	1,169.01	
vi.	Others	1,290.15	306.96	-	-	851.82	
vii.	Provision held towards depreciation on investments	(72.34)					
viii.	Provision held towards non performing investments	(210.47)					
	<b>Total</b>	<b>36,304.20</b>	<b>24,062.47</b>	<b>3,803.95</b>	<b>1,169.33</b>	<b>11,260.15</b>	

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

\* excludes investments in non-SLR government securities amounting to ₹1,017.83 crores (previous year ₹84.51 crores)

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

	(₹ in crores)	31 March, 2016	31 March, 2015
Opening balance		243.28	144.91
Additions during the year		66.26	106.58
Reductions during the year		(70.51)	(8.21)
Closing balance		239.03	243.28
<b>Total provisions held</b>		<b>232.41</b>	<b>210.47</b>

2.1.15 Details of securities sold/purchased (in face value terms) during the years ended 31 March, 2016 and 31 March, 2015 under repos/reverse repos (excluding LAF transactions):

Year ended 31 March, 2016

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2016
Securities sold under repos				
i. Government Securities	-	3,904.87	373.05	-
ii. Corporate debt Securities	-	580.00	198.40	-
Securities purchased under reverse repos				
i. Government Securities	-	10,032.59	1,013.63	3,938.23
ii. Corporate debt Securities	-	25.00	0.07	-

Year ended 31 March, 2015

(₹ in crores)

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

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

(₹ in crores)

	31 March, 2016	31 March, 2015
Number of accounts*	7	15
Aggregate value (net of provisions) of accounts sold	1,676.24	18.99
Aggregate consideration	764.75	33.11
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain/(loss) over net book value	(911.49)	14.12

\* Excludes 1 account already written-off from books amounting to ₹8.75 crores (previous year 5 accounts amounting to ₹42.00 crores)

In accordance with the RBI guidelines on sale of NPAs, banks can spread over any shortfall, if the sale value is lower than the net book value, over a period of two years. The Bank has not spread any such shortfall arising during the year ended 31 March, 2016.

(₹ in crores)

Particulars	Backed by NPAs sold by the Bank as underlying	Backed by NPAs sold by other banks/financial institutions/ non-banking financial companies as underlying	Total		
	As on 31 March, 2016	As on 31 March, 2015	As on 31 March, 2016	As on 31 March, 2015	As on 31 March, 2016
Book value of investments in security receipts	789.82*	248.16	10.55	11.57	800.37

\* excludes application money of ₹85.00 crores (previous year Nil)

## 2.1.17 During the years ended 31 March, 2016 and 31 March, 2015 there were no Non-Performing Financial Assets purchased/sold by the Bank from/to other banks (excluding securitisation/reconstruction companies).

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

(₹ in crores)

Sr. No.	Particulars	31 March, 2016	31 March, 2015
1	No. of SPVs sponsored by the bank for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the Bank	-	-
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
a)	Off-balance sheet exposures		
	First loss	-	-
	Others	-	-

## NOTES (CONT.)

Sr. No.	Particulars	31 March, 2016 (₹ in crores)	31 March, 2015 (₹ in crores)
b)	On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
a)	Off-balance sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
b)	On-balance sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

2.1.19 The information on concentration of deposits is given below:

	31 March, 2016 (₹ in crores)	31 March, 2015 (₹ in crores)
Total deposits of twenty largest depositors	39,023.06	40,662.19
Percentage of deposits of twenty largest depositors to total deposits	10.90	12.61

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

	31 March, 2016 (₹ in crores)	31 March, 2015 (₹ in crores)
Total advances to twenty largest borrowers	53,902.14	51,643.70
Percentage of advances to twenty largest borrowers to total advances of the Bank	10.21	11.01

\* 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:

	31 March, 2016 (₹ in crores)	31 March, 2015 (₹ in crores)
Total exposure to twenty largest borrowers/customers	71,942.91	67,703.30
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	12.41	13.06

\* Exposure includes credit exposure (funded and non-funded), derivative exposure, investment exposure (including underwriting and similar commitments) and deposits placed for meeting short fall in Priority Sector Lending

2.1.22 During the years ended 31 March, 2016 and 31 March, 2015, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

**2.1.23 Details of Risk Category wise Country Exposure:**

Risk Category	Exposure (Net) as at 31 March, 2016	Provision Held as at 31 March, 2016	Exposure (Net) as at 31 March, 2015	Provision Held as at 31 March, 2015
	(₹ in crores)			
Insignificant	-	-	-	-
Low	23,210.36	-	17,551.08	-
Moderate	1,605.58	-	2,972.54	-
High	2,804.75	-	2,404.28	-
Very High	1,212.24	-	1,205.42	-
Restricted	0.68	-	-	-
Off-Credit	-	-	-	-
<b>Total</b>	<b>28,833.61</b>	-	<b>24,133.32</b>	-

**2.1.24 A maturity pattern of certain items of assets and liabilities at 31 March, 2016 and 31 March, 2015 is set out below:**

Year ended 31 March, 2016	Deposits	Advances*	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	3,892.93	4,206.00	16,709.87	10.81	5,380.12	175.87
2 days to 7 days	11,888.80	3,738.62	4,043.56	35.75	3,088.48	464.30
8 days to 14 days	5,985.75	3,156.66	2,786.89	1,143.51	1,665.67	1,400.20
15 days to 30 days	7,942.96	4,697.41	3,525.10	3,691.71	2,784.15	3,902.98
31 days and upto 2 months	15,650.28	6,395.99	4,399.47	8,527.12	2,674.76	8,746.67
Over 2 months and upto 3 months	14,979.17	10,480.53	4,197.73	4,667.88	5,040.94	5,676.58
Over 3 months and upto 6 months	33,112.05	13,419.27	7,069.88	9,781.37	4,608.67	8,648.05
Over 6 months and upto 1 year	68,263.61	28,192.44	18,734.33	21,464.92	12,556.15	32,118.44
Over 1 year and upto 3 years	36,767.87	60,521.06	13,508.05	22,771.23	12,030.06	14,716.06
Over 3 years and upto 5 years	11,713.63	43,764.72	5,400.62	9,970.72	9,851.90	7,552.73
Over 5 years	147,770.51	160,201.02	41,630.70	17,161.36	27,141.48	2,501.53
<b>Total</b>	<b>357,967.56</b>	<b>338,773.72</b>	<b>122,006.20</b>	<b>99,226.38</b>	<b>86,822.38</b>	<b>85,903.41</b>

Year ended 31 March, 2015	Deposits	Advances*	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	3,487.11	3,376.71	14,174.30	95.23	2,573.71	121.47
2 days to 7 days	13,848.67	1,630.75	1,668.29	417.38	3,718.38	646.06
8 days to 14 days	6,782.45	2,633.26	1,466.93	595.21	1,088.87	547.50
15 days to 30 days	9,243.32	6,185.66	1,434.52	1,744.30	3,091.86	1,749.52
31 days and upto 2 months	13,173.63	6,531.27	8,534.88	1,592.12	3,101.02	2,550.16
Over 2 months and upto 3 months	10,952.47	7,708.65	3,682.42	2,402.39	2,054.67	4,490.55
Over 3 months and upto 6 months	23,064.54	12,532.52	9,625.02	8,439.18	4,846.97	8,265.01
Over 6 months and upto 1 year	40,701.47	19,564.37	17,069.13	20,123.76	6,115.71	13,277.51
Over 1 year and upto 3 years	56,206.76	58,341.24	19,192.48	20,830.78	17,760.69	34,605.08
Over 3 years and upto 5 years	16,600.54	32,965.09	10,786.11	6,223.74	8,510.98	4,468.73
Over 5 years	128,380.98	129,613.51	44,708.75	17,294.18	28,880.66	9,542.40
<b>Total</b>	<b>322,441.94</b>	<b>281,083.03</b>	<b>132,342.83</b>	<b>79,758.27</b>	<b>81,743.52</b>	<b>80,263.99</b>

## NOTES (CONT.)

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

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

### 2.1.25 Disclosure on Restructured Assets

Details of loans subjected to restructuring during the year ended 31 March, 2016 are given below:

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	50	1	6	7	64	-	-	-	-	-
	Amount Outstanding – Restructured facility	5,460.31	21.05	314.52	181.87	5,977.75	-	-	-	-	-
	Amount Outstanding – Other facility	894.71	0.81	14.44	1.59	911.55	-	-	-	-	-
	Provision thereon	224.12	1.22	11.60	-	236.94	-	-	-	-	-
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	(77.39)	-	(1.18)	(0.01)	(78.58)	-	-	-	-	-
	Amount Outstanding – Other facility	288.36	0.81	11.13	-	300.30	-	-	-	-	-
	Provision thereon	(68.17)	(0.30)	(2.82)	-	(71.29)	-	-	-	-	-
Fresh Restructuring during the year <sup>1,2,3</sup>	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	91.45	-	-	-	91.45	-	-	-	-	-
	Amount Outstanding – Other facility	333.19	-	-	-	333.19	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(5)	-	-	-	(5)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(447.12)	-	-	-	(447.12)	-	-	-	-	-
	Amount Outstanding – Other facility	(150.28)	-	-	-	(150.28)	-	-	-	-	-
	Provision thereon	(16.05)	-	-	-	(16.05)	-	-	-	-	-
Downgrading of restructured accounts during the FY <sup>4</sup>	No. of borrowers	(7)	(1)	7	3	2	-	-	-	-	-
	Amount Outstanding – Restructured facility	(1,165.24)	(20.53)	933.02	308.64	55.89	-	-	-	-	-
	Amount Outstanding – Other facility	(94.56)	(1.52)	96.08	25.05	25.05	-	-	-	-	-
	Provision thereon	(17.40)	(0.92)	18.32	-	-	-	-	-	-	-
Write-offs of restructured accounts during the FY <sup>5,6,7</sup>	No. of borrowers	(1)	-	(3)	(4)	(8)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(339.82)	(0.52)	(644.82)	(392.62)	(1,377.78)	-	-	-	-	-
	Amount Outstanding – Other facility	(100.85)	(0.10)	(73.02)	-	(173.97)	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	37	-	10	6	53	-	-	-	-	-
	Amount Outstanding – Restructured facility	3,522.19	-	601.54	97.88	4,221.61	-	-	-	-	-
	Amount Outstanding – Other facility	1,170.57	-	48.63	26.64	1,245.84	-	-	-	-	-
	Provision thereon	122.50	-	27.10	-	149.60	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	1,334	11	188	80	1,613	1,384	12	194	87	1,677
	Amount Outstanding – Restructured facility	3,748.93	0.51	150.08	248.44	4,147.96	9,209.24	21.56	464.60	430.31	10,125.71
	Amount Outstanding – Other facility	940.63	0.22	2.22	2.40	945.47	1,835.34	1.03	16.66	3.99	1,857.02
	Provision thereon	106.99	-	3.81	-	110.80	331.11	1.22	15.41	-	347.74
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	214.92	-	(0.71)	(0.39)	213.82	137.53	-	(1.89)	(0.40)	135.24
	Amount Outstanding – Other facility	189.22	-	-	-	189.22	477.58	0.81	11.13	-	489.52
	Provision thereon	(39.99)	-	-	-	(39.99)	(108.16)	(0.30)	(2.82)	-	(111.28)
Fresh Restructuring during the year <sup>1,2,3</sup>	No. of borrowers	156	-	-	-	156	156	-	-	-	156
	Amount Outstanding – Restructured facility	2,149.58	-	-	-	2,149.58	2,241.03	-	-	-	2,241.03
	Amount Outstanding – Other facility	265.94	-	-	-	265.94	599.13	-	-	-	599.13
	Provision thereon	7.90	-	-	-	7.90	7.90	-	-	-	7.90
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(171)	-	-	-	(171)	(176)	-	-	-	(176)
	Amount Outstanding – Restructured facility	(166.25)	-	-	-	(166.25)	(613.37)	-	-	-	(613.37)
	Amount Outstanding – Other facility	(2.54)	-	-	-	(2.54)	(152.82)	-	-	-	(152.82)
	Provision thereon	-	-	-	-	-	(16.05)	-	-	-	(16.05)
Downgradation of restructured accounts during the FY <sup>4</sup>	No. of borrowers	(344)	(9)	344	15	6	(351)	(10)	351	18	8
	Amount Outstanding – Restructured facility	(666.88)	(0.39)	656.81	27.23	16.77	(1,832.12)	(20.92)	1,589.83	335.87	72.66
	Amount Outstanding – Other facility	(127.21)	(0.21)	122.87	9.16	4.61	(221.77)	(1.73)	218.95	34.21	29.66
	Provision thereon	(13.39)	-	13.39	-	-	(30.79)	(0.92)	31.71	-	-
Write-offs of restructured accounts during the FY <sup>5,6,7</sup>	No. of borrowers	(154)	(1)	(251)	(64)	(470)	(155)	(1)	(254)	(68)	(478)
	Amount Outstanding – Restructured facility	(69.07)	(0.08)	(21.11)	(206.80)	(297.06)	(408.89)	(0.60)	(665.93)	(599.42)	(1,674.84)
	Amount Outstanding – Other facility	(49.41)	(0.01)	(1.99)	(0.68)	(52.09)	(150.26)	(0.11)	(75.01)	(0.68)	(226.06)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	821	1	281	31	1,134	858	1	291	37	1,187
	Amount Outstanding – Restructured facility	5,211.23	0.04	785.07	68.48	6,064.82	8,733.42	0.04	1,386.61	166.36	10,286.43
	Amount Outstanding – Other facility	1,216.63	-	123.10	10.88	1,350.61	2,387.20	-	171.73	37.52	2,596.45
	Provision thereon	61.51	-	17.20	-	78.71	184.01	-	44.30	-	228.31

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2016:

1. Amount reported here represents outstanding as on 31 March, 2016. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹2,266.67 crores for the FY 2015-16
2. Includes accounts on account of re-work of restructuring and these accounts are not included in opening balance of standard restructured accounts
3. Includes ₹497.23 crores of fresh/additional sanction to existing restructured accounts (₹93.21 crores under restructured facility and ₹404.02 crores under other facility)
4. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
5. Includes accounts partially written-off during the year
6. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
7. Includes ₹802.72 crores of reduction from existing restructured accounts by way of sale/recovery (₹623.75 crores from restructured facility and ₹178.96 crores from other facility)
8. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalisation account upto 31 March, 2016 aggregated ₹8,072.42 crores
9. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

## NOTES (CONT.)

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

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	45	1	3	5	54	-	-	-	-	-
	Amount Outstanding – Restructured facility	4,719.82	8.58	145.10	126.13	4,999.63	-	-	-	-	-
	Amount Outstanding – Other facility	470.57	-	-	7.53	478.10	-	-	-	-	-
	Provision thereon	319.47	0.50	17.84	-	337.81	-	-	-	-	-
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	298.03	0.31	0.18	(0.05)	298.47	-	-	-	-	-
	Amount Outstanding – Other facility	238.65	-	-	-	238.65	-	-	-	-	-
	Provision thereon	(123.67)	(0.15)	(17.83)	-	(141.65)	-	-	-	-	-
Fresh Restructuring during the year <sup>1,2,3</sup>	No. of borrowers	15	1	-	-	16	-	-	-	-	-
	Amount Outstanding – Restructured facility	881.83	21.05	-	-	902.88	-	-	-	-	-
	Amount Outstanding – Other facility	245.65	0.81	-	-	246.46	-	-	-	-	-
	Provision thereon	41.78	1.22	-	-	43.00	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(4)				(4)	-				-
	Amount Outstanding – Restructured facility	(94.58)				(94.58)	-				-
	Amount Outstanding – Other facility	(34.97)				(34.97)	-				-
	Provision thereon	(2.20)				(2.20)	-				-
Downgradation of restructured accounts during the FY <sup>4</sup>	No. of borrowers	(6)	(1)	3	4	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	(307.32)	(5.94)	169.74	143.53	0.01	-	-	-	-	-
	Amount Outstanding – Other facility	(14.44)	-	14.44	-	-	-	-	-	-	-
	Provision thereon	(11.26)	(0.35)	11.59	-	(0.02)	-	-	-	-	-
Write-offs of restructured accounts during the FY <sup>5,6,7</sup>	No. of borrowers	-	-	-	(2)	(2)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(37.47)	(2.95)	(0.50)	(87.74)	(128.66)	-	-	-	-	-
	Amount Outstanding – Other facility	(10.75)	-	-	(5.94)	(16.69)	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	50	1	6	7	64	-	-	-	-	-
	Amount Outstanding – Restructured facility	5,460.31	21.05	314.52	181.87	5,977.75	-	-	-	-	-
	Amount Outstanding – Other facility	894.71	0.81	14.44	1.59	911.55	-	-	-	-	-
	Provision thereon	224.12	1.22	11.60	-	236.94	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	1,603	60	84	33	1,780	1,648	61	87	38	1,834
	Amount Outstanding – Restructured facility	2,300.65	5.75	24.19	61.67	2,392.26	7,020.47	14.33	169.29	187.80	7,391.89
	Amount Outstanding – Other facility	403.82	1.29	3.30	6.02	414.43	874.39	1.29	3.30	13.55	892.53
	Provision thereon	110.86	0.07	0.62	-	111.55	430.33	0.57	18.46	-	449.36
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	111.91	-	-	-	111.91	409.94	0.31	0.18	(0.05)	410.38
	Amount Outstanding – Other facility	54.50	-	0.50	0.07	55.07	293.15	-	0.50	0.07	293.72
	Provision thereon	(49.53)	(0.07)	(0.62)	-	(50.22)	(173.20)	(0.22)	(18.45)	-	(191.87)
Fresh Restructuring during the year <sup>1,2,3</sup>	No. of borrowers	100	-	-	-	100	115	1	-	-	116
	Amount Outstanding – Restructured facility	1,938.79	-	-	-	1,938.79	2,820.62	21.05	-	-	2,841.67
	Amount Outstanding – Other facility	505.09	-	-	-	505.09	750.74	0.81	-	-	751.55
	Provision thereon	52.31	-	-	-	52.31	94.09	1.22	-	-	95.31
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(14)				(14)	(18)				(18)
	Amount Outstanding – Restructured facility	(40.39)				(40.39)	(134.97)				(134.97)
	Amount Outstanding – Other facility	(0.64)				(0.64)	(35.61)				(35.61)
	Provision thereon	(2.84)				(2.84)	(5.04)				(5.04)
Downgradation of restructured accounts during the FY <sup>4</sup>	No. of borrowers	(189)	(42)	170	69	8	(195)	(43)	173	73	8
	Amount Outstanding – Restructured facility	(391.68)	(4.41)	135.26	262.39	1.56	(699.00)	(10.35)	305.00	405.92	1.57
	Amount Outstanding – Other facility	(1.37)	(0.85)	0.04	2.32	0.14	(15.81)	(0.85)	14.48	2.32	0.14
	Provision thereon	(3.81)	-	3.81	-	-	(15.07)	(0.35)	15.40	-	(0.02)

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Write-offs of restructured accounts during the FY <sup>5,6,7</sup>	No. of borrowers	(166)	(7)	(66)	(22)	(261)	(166)	(7)	(66)	(24)	(263)
	Amount Outstanding – Restructured facility	(170.35)	(0.83)	(9.37)	(75.62)	(256.17)	(207.82)	(3.78)	(9.87)	(163.36)	(384.83)
	Amount Outstanding – Other facility	(20.77)	(0.22)	(1.62)	(6.01)	(28.62)	(31.52)	(0.22)	(1.62)	(11.95)	(45.31)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	1,334	11	188	80	1,613	1,384	12	194	87	1,677
	Amount Outstanding – Restructured facility	3,748.93	0.51	150.08	248.44	4,147.96	9,209.24	21.56	464.60	430.31	10,125.71
	Amount Outstanding – Other facility	940.63	0.22	2.22	2.40	945.47	1,835.34	1.03	16.66	3.99	1,857.02
	Provision thereon	106.99	-	3.81	-	110.80	331.11	1.22	15.41	-	347.74

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

1. Amount reported here represents outstanding as on 31 March, 2015. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹2,721.86 crores for the FY 2014-15
2. Includes accounts on account of re-work of restructuring and these accounts are not included in opening balance of standard restructured accounts
3. Includes ₹234.72 crores of fresh/additional sanction to existing restructured accounts (₹0.28 crores under restructured facility and ₹234.44 crores under other facility)
4. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
5. Includes accounts partially written-off during the year
6. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
7. Includes ₹248.62 crores of reduction from existing restructured accounts by way of sale/recovery (₹216.20 crores from restructured facility and ₹32.42 crores from other facility)
8. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalisation account upto 31 March, 2015 aggregated ₹8,165.59 crores
9. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

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

Sr. No.	Items	As at 31 March, 2016	As at 31 March, 2015
i)	Notional principal of swap agreements	179,664.88	162,401.82
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	2,527.55	2,321.49
iii)	Collateral required by the Bank upon entering into swaps	652.85	570.34
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
-	Interest Rate Swaps/FRAs	2,482.75	2,252.75
-	Cross Currency Swaps	1,599.24	1,584.71
v)	Fair value of the swap book (hedging & trading)		
-	Interest Rate Swaps/FRAs	77.82	66.22
-	Currency Swaps	527.68	688.56

## NOTES (CONT.)

The nature and terms of the IRS as on 31 March, 2016 are set out below:

Nature	Nos.	Notional Principal	Benchmark	Terms	(₹ in crores)
Hedging	42	12,224.05	LIBOR	Fixed Receivable v/s Floating Payable	
Hedging	2	1,325.10	LIBOR	Floating Receivable v/s Fixed Payable	
Trading	21	775.00	INBMK	Fixed Receivable v/s Floating Payable	
Trading	267	29,402.04	LIBOR	Fixed Receivable v/s Floating Payable	
Trading	351	21,494.11	MIBOR	Fixed Receivable v/s Floating Payable	
Trading	374	17,855.00	MIFOR	Fixed Receivable v/s Floating Payable	
Trading	37	2,309.00	INBMK	Floating Receivable v/s Fixed Payable	
Trading	304	32,169.96	LIBOR	Floating Receivable v/s Fixed Payable	
Trading	355	22,784.10	MIBOR	Floating Receivable v/s Fixed Payable	
Trading	282	15,671.00	MIFOR	Floating Receivable v/s Fixed Payable	
Trading	22	2,716.46	LIBOR	Floating Receivable v/s Floating Payable	
Trading	3	84.47	LIBOR	Pay Cap	
Trading	1	287.69	LIBOR	Pay Cap/Receive Floor	
Trading	1	287.69	LIBOR	Pay Floor/Receive Cap	
Trading	3	84.47	LIBOR	Receive Cap	
	<b>2,065</b>	<b>159,470.14</b>			

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

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

The nature and terms of the FRA as on 31 March, 2016 are set out below:

Nature	Nos.	Notional Principal	Benchmark	Terms	(₹ in crores)
Hedging	2	331.28	LIBOR	Fixed Receivable v/s Floating Payable	
	<b>2</b>	<b>331.28</b>			

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

Nature	Nos.	Notional Principal	Benchmark	Terms	(₹ in crores)
Hedging	1	750.00	LIBOR	Fixed receivable v/s floating payable	
	1	750.00			

The nature and terms of the CCS as on 31 March, 2016 are set out below:

Nature	Nos.	Notional Principal	Benchmark	Terms	(₹ in crores)
Hedging	1	331.27	LIBOR	Fixed Receivable v/s Floating Payable	
Trading	88	3,854.97	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable	
Trading	41	3,131.42	LIBOR	Fixed Receivable v/s Floating Payable	
Trading	74	5,598.59	LIBOR	Floating Receivable v/s Fixed Payable	
Trading	3	699.39	LIBOR/MIFOR	Floating Receivable v/s Floating Payable	
Trading	33	2,731.40	Principal Only	Fixed Receivable	
Trading	40	3,516.42	Principal Only	Fixed Payable	
	280	19,863.46			

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

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

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

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, 2016 are set out below:

Sr. No.	Particulars	(₹ in crores) As at 31 March, 2016
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	
	759GS2026	35.04
	759GS2029	4.12
	768GS2023	4.40
	772GS2025	6,003.86
	788GS2030	3,545.24
	827GS2020	4.84
	840GS2024	14,364.10
		23,961.60
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2016	Nil
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2016 and "not highly effective"	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2016 and "not highly effective"	N.A.

## NOTES (CONT.)

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

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

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended 31 March, 2016 and 31 March, 2015.

### 2.1.27 Disclosure on risk exposure in Derivatives

#### **Qualitative disclosures:**

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

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

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

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

The derivative transactions are governed by the derivative policy, market risk management policy, hedging policy and the Asset Liability Management (ALM) policy of the Bank as well as by the extant RBI guidelines. The Bank has also implemented policy on customer suitability & appropriateness approved by the Board to ensure that derivatives transactions entered into are appropriate and suitable to the customer. The Bank has also put in place a detailed process flow on documentation for customer derivative transactions for effective management of operational risk/reputation risk.

Various risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, VaR, Stop Loss, Delta, Gamma and Vega. Actual positions are monitored against these limits on a daily basis and breaches, if any, are 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, FRAs, futures and options which are disclosed as contingent liabilities. The swaps are categorised as trading or hedging and all the FRAs, futures and options are categorised as the trading book. Trading swaps/FRAs/futures/options are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. Hedged swaps are accounted for as per the RBI guidelines. Pursuant to the RBI guidelines, any receivables (crystallised receivables and positive MTM) under derivatives contracts, which remain overdue for more than 90 days, are reversed through the Profit and Loss Account and are held in a separate Suspense account.

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

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

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

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2016		
		Currency Derivatives	Interest rate Derivatives	
	<b>Forward Contracts ^</b>			
<b>1 Derivatives (Notional Principal Amount)</b>				
a) For hedging	41,179.29	331.28	-	13,880.42
b) For trading	214,488.26	19,532.19	42,900.52	145,920.99
<b>2 Marked to Market Positions#</b>				
a) Asset (+)	204.15	553.13	117.21	-
b) Liability (-)	-	-	-	(25.51)
<b>3 Credit Exposure@</b>	10,513.88	3,119.51	1,196.28	3,158.66
<b>4 Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2016)</b>				
a) on hedging derivatives	1.67	4.20	-	121.55
b) on trading derivatives	4.46	136.62	7.04	277.26

## NOTES (CONT.)

Sr. No.	Particulars	(₹ in crores)			
		As at 31 March, 2016			
		Currency Derivatives	Interest rate Derivatives	Forward Contracts ^	CCS Options
5	<b>Maximum and Minimum of 100*PV01 observed during the year</b>				
a)	on hedging				
I)	Minimum	1.67	1.74	-	121.55
II)	Maximum	6.37	4.73	-	282.76
b)	on Trading				
I)	Minimum	1.00	132.99	0.27	124.15
II)	Maximum	7.35	233.48	17.16	277.26
#	Only on trading derivatives and represents net position				
@	Includes accrued interest				
^	Excluding Tom/Spot contracts				

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

\* only Over The Counter derivatives included

Pursuant to RBI guidelines, the Bank deals in Exchange Traded Currency Options. The outstanding notional principal amount of these derivatives as at 31 March, 2016 was Nil (previous year Nil) and the mark-to-market value was Nil (previous year Nil).

2.1.28 No penalty/stricture was levied by RBI during the year ended 31 March, 2016.

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

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

2.1.29 Disclosure of customer complaints

(a) Disclosure of customer complaints relating to Bank's customers on Bank's ATMs

	31 March, 2016	31 March, 2015
a. No. of complaints pending at the beginning of the year	119	61
b. No. of complaints received during the year	38,122	24,905
c. No. of complaints redressed during the year	38,033	24,847
d. No. of complaints pending at the end of the year	208	119

(b) Disclosure of customer complaints relating to Bank's customers on other bank's ATMs

	31 March, 2016	31 March, 2015
a. No. of complaints pending at the beginning of the year	701	851
b. No. of complaints received during the year	59,940	56,690
c. No. of complaints redressed during the year	59,707	56,840
d. No. of complaints pending at the end of the year	934	701

(c) Disclosure of customer complaints other than ATM transaction complaints

	31 March, 2016	31 March, 2015
a. No. of complaints pending at the beginning of the year	8,693	6,785
b. No. of complaints received during the year	129,614	149,871
c. No. of complaints redressed during the year	129,950	147,963
d. No. of complaints pending at the end of the year	8,357	8,693

(d) Total customer complaints

	31 March, 2016	31 March, 2015
a. No. of complaints pending at the beginning of the year	9,513	7,697
b. No. of complaints received during the year	227,676	231,466
c. No. of complaints redressed during the year	227,690	229,650
d. No. of complaints pending at the end of the year	9,499	9,513

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

## NOTES (CONT.)

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

	31 March, 2016	31 March, 2015
a. No. of unimplemented awards at the beginning of the year	-	2
b. No. of awards passed by the Banking Ombudsman during the year	3	-
c. No. of awards implemented during the year	-	1
d. No. of unimplemented awards at the end of the year	-*	-*

\*During the year, the Bank received 3 awards which got cancelled (previous year 1)

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

### 2.1.31 Draw Down from Reserves

The Bank has made a draw down out of the Investment Reserve account towards depreciation in investments in AFS and HFT categories in terms of RBI guidelines. During the year ended 31 March, 2015, the Bank has not undertaken any drawdown from reserves.

### 2.1.32 Letter of Comfort

The Bank has not issued any Letter of Comfort (LoC) on behalf of its subsidiaries during the current and previous year.

### 2.1.33 Disclosure on Remuneration

#### Qualitative disclosures

##### a) Information relating to the bodies that oversee remuneration:

###### ❖ Name, composition and mandate of the main body overseeing remuneration:

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

As at 31 March, 2016, the Nomination and Remuneration Committee comprises of the following Non-Executive Directors:

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

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

- a. Review and recommend to the Board for approval, the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors and key managerial personnel) including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & CEO (MD & CEO), other Whole-Time Directors (WTD) and senior managers one level below the Board.
- b. Review and recommend to the Board for approval, the total increase in manpower cost budget of the Bank as a whole, at an aggregate level, for the next year.

- c. Recommend to the Board the compensation payable to the Chairman of the Bank.
- d. Review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank, as well as any fundamental changes in organisation structure which could have wide ranging or high risk implications.
- e. Review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other WTDs, senior managers one level below the Board and other key roles and their progression to the Board.
- f. Review and recommend to the Board for approval:
  - the creation of new positions one level below MD & CEO
  - appointments, promotions and exits of senior managers one level below the MD & CEO
- g. Set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, the other WTDs for the financial year and over the medium to long term.
- h. Review the performance of the MD & CEO and other WTDs at the end of each year.
- i. Review organisation health through feedback from employee surveys conducted on a regular basis.
- j. Perform such other duties as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

❖ **External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:**

The Nomination and Remuneration Committee has commissioned McLagan Aon Hewitt, a globally renowned compensation benchmarking firm, to conduct market benchmarking of employee compensation. The Bank participates in the salary benchmarking survey conducted by Aon Hewitt every year. Aon Hewitt collects data from multiple private sector peer banks across functions, levels and roles which is then used by the Bank to assess market competitiveness of remuneration offered to Bank employees.

❖ **A description of the scope of the Bank's remuneration policy, including the extent to which it is applicable to foreign subsidiaries and branches:**

The Committee monitors the remuneration policy for both domestic and overseas branches of the Bank on behalf of the Board. However, it does not oversee the compensation policy for subsidiaries of the Bank.

❖ **A description of the type of employees covered and number of such employees:**

Employees are categorised into following three categories from remuneration structure and administration standpoint:

**Category 1**

MD & CEO and WTDs. This category includes 3 employees.

**Category 2**

All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance. This category includes 24 employees.

**Category 3: Other Staff**

'Other Staff' has been defined as a "group of employees who pose a material risk". This category includes all the employees of the Bank in the grade of Executive Vice President (EVP) and above and also few other key business roles in case they are below the grade of Executive Vice President. This category includes 39 employees.

## **NOTES (CONT.)**

**b) Information relating to the design and structure of remuneration processes:**

❖ **An overview of the key features and objectives of remuneration policy:**

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

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

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

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

Accordingly, the compensation policy for MD & CEO and WTDs seeks to:

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

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

❖ **Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:**

The Nomination and Remuneration committee reviews the Bank's remuneration policy every year. There were no major changes made in the remuneration policy during the year.

❖ **A discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee:**

The Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee and is guided by the individual employee performance. The remuneration is determined on the basis of relevant risk measures included in the Balanced Scorecard / key deliverables of staff in these functions. The parameters reviewed for performance based rewards are independent of performance of the business area they oversee and commensurate with their individual role in the Bank. Additionally, the ratio of fixed and variable compensation is weighed towards fixed compensation.

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

❖ **An overview of the key risks that the Bank takes into account when implementing remuneration measures:**

The business activity of the Bank is undertaken within the limits of the following risk measures to achieve the financial plan:

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

❖ **An overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:**

The Bank has a robust system of measuring and reviewing these risks. The risk parameters are a part of the Balanced Scorecard used for setting of performance objectives and for measuring performance which includes, besides financial performance, adherence to internal processes, compliance and people perspectives. Weightage is placed on not only financial or quantitative achievement of objectives but also on qualitative aspects detailing how the objectives were achieved.

❖ **A discussion of the ways in which these measures affect remuneration:**

The relevant risk measures are included in the scorecards of MD & CEO and WTDs. Inclusion of the above mentioned measures ensures that performance parameters are aligned to risk measures at the time of performance evaluation. The Nomination and Remuneration Committee takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.

❖ **A discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration:**

During FY 2015-16, the risk measures were reviewed and no major changes were made to the performance parameters in the Balanced Scorecards.

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

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

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

❖ **An overview of main performance metrics for Bank, top level business lines and individuals:**

The Bank follows a Balanced Scorecard approach for measuring performance for the Bank, top business lines and individuals. The approach broadly comprises financial, customer, internal processes, compliance and people perspectives and includes parameters on revenue and profitability, business growth, customer initiatives, operational efficiencies, regulatory compliance, risk management and people management.

## **NOTES (CONT.)**

- ❖ A discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance:

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

- ❖ A discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak:

In cases where the performance metrics are weak or not well defined to measure the performance effectively, the Bank uses discretion to reward such employees. The remuneration is then influenced by the performance of previous years and supervisor reviews.

Whilst determining fixed and variable remuneration, relevant risk measures are included in scorecards of senior employees. Identified risk parameters that are taken into account are as under:

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

As a prudent measure, a portion of variable pay if it exceeds a certain threshold is deferred and is paid proportionately over a period of 3 years. The deferred variable pay amount of reference year would be held back in case of any misrepresentation or gross inaccuracy resulting in a wrong risk assessment.

- e) Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance:

- ❖ A discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:

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

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

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

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

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

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

### **Category 3: Other Staff**

- Variable Pay will be paid on the basis of performance against key deliverables and overall business performance for the financial year

- Percentage of variable pay to be capped at 70% of fixed pay

- Appropriate deferral structure as approved by the Nomination and Remuneration Committee will be applicable to this category of employees

❖ **A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:**

The deferred portion of the variable pay may be delayed in the event of an enquiry determining gross negligence or breach of integrity. The deferred portion is withheld by the Bank till the completion of such enquiries, if any. As a result, no claw back arrangements are made on the deferred portion of the variable pay.

f) **Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms:**

❖ **An overview of the forms of variable remuneration offered:**

- Variable Pay: Variable Pay is linked to corporate performance, business performance and individual performance and ensures differential pay based on the performance levels of employees

- Employee Stock Options (ESOPs): ESOPs are given to selective set of employees at senior levels based on their level of performance and role. ESOP scheme has an inbuilt deferred vesting design which helps in directing long term performance orientation among employees

❖ **A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance:**

Variable pay in the form of performance based bonus is paid out annually and is linked to performance achievement against balanced performance measures and aligned with the principles of meritocracy. The proportion of variable pay in total pay shall be higher at senior management levels. The payment of all forms of variable pay is governed by the affordability of the Bank and based on profitability and cost income ratios. At senior management levels (and for certain employees with potential to cause material impact on risk exposure), a portion of variable compensation may be paid out in a deferred manner in order to drive prudent behaviour as well as long term & sustainable performance orientation. Long term variable pay is administered in the form of ESOPs with an objective of enabling employee participation in the business as an active stakeholder and to usher in an 'owner-manager' culture. The quantum of grant of stock options is determined and approved by the Nomination and Remuneration Committee, in terms of the said Regulations and in line with best practices, subject to the approval of RBI. The current ESOP design has an inbuilt deferral intended to spread and manage risk.

## NOTES (CONT.)

### Quantitative disclosures

- a) The quantitative disclosures pertaining to the MD & CEO, Whole Time Directors and other risk takers for the year ended 31 March, 2016 and 31 March, 2015 are given below. Other risk takers include all employees in the grade of Executive Vice President (EVP) and above and also cover certain select roles in case they are below the grade of EVP.

	31 March, 2016	31 March, 2015
a. i) Number of meetings held by the Remuneration Committee (main body overseeing remuneration) during the financial year	7	8
ii) Remuneration paid to its members (sitting fees)	₹15,00,000	₹11,00,000
b. Number of employees having received a variable remuneration award during the financial year	31*	36
c. Number and total amount of sign-on awards made during the financial year	N.A.	N.A.
d. Number and total amount of guaranteed bonus awarded during the financial year, if any	N.A.	N.A.
e. Details of severance pay, in addition to accrued benefits, if any	N.A.	N.A.
f. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	₹1.64 crores (cash bonus)	₹0.90 crores (cash bonus)
g. Total amount of deferred remuneration paid out in the financial year	₹0.30 crores	N.A.
h. Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred, different forms used	Fixed - ₹36.93 crores <sup>#</sup>	Fixed - ₹32.72 crores
	Variable - ₹11.79 crores*	Variable - ₹12.01 crores
	Deferred - ₹1.04 crores	Deferred - ₹0.90 crores
	Non-deferred - ₹10.75 crores*	Non-deferred - ₹11.11 crores
i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	N.A.	N.A.
j. Total amount of reductions during the financial year due to ex-post explicit adjustments	N.A.	N.A.
k. Total amount of reductions during the financial year due to ex-post implicit adjustments	N.A.	N.A.

\* pertains to FY 2014-15 paid to MD & CEO, WTDs and other risk takers (previous year pertains to FY 2013-14)

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

- b) Disclosure for compensation of Non-executive Directors (Except Part-time Chairman):

	(₹ in crores)	
	31 March, 2016	31 March, 2015
a. Amount of remuneration paid during the year	0.90	-

2.1.34 The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by the Bank are as under:

Sr. No.	Nature of Income*	31 March, 2016	31 March, 2015
1.	For selling life insurance policies	498.17	491.30
2.	For selling non-life insurance policies	23.35	22.40
3.	For selling mutual fund products	311.44	314.44
4.	Others (selling of gold coins, wealth advisory, RBI and other bonds etc.)	57.09	34.18
<b>Total</b>		<b>890.05</b>	<b>862.32</b>

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

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

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

Particulars	31 March, 2016	31 March, 2015
Total assets	53,434.37	49,111.72
Total NPAs	903.35	265.24
Total revenue	2,777.71	2,608.85

2.1.37 During the year ended 31 March, 2016 the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities, sales to RBI under OMO auctions, repurchase of government securities by Government of India and sale/transfer of securities consequent to reduction of ceiling on SLR securities under HTM) did not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

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

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

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

Particulars	31 March, 2016	31 March, 2015
Opening balance of amounts transferred to DEAF	26.67	-
Add : Amounts transferred to DEAF during the year	15.40	26.94
Less : Amounts reimbursed by DEAF towards claims	(0.50)*	(0.27)*
Closing balance of amounts transferred to DEAF	41.57	26.67

\* includes ₹0.44 crores (previous year ₹0.08 crores) of claim raised and pending settlement with RBI

## NOTES (CONT.)

### 2.1.39 Disclosure on Intra-Group Exposures

Particulars	(₹ in crores)	
	31 March, 2016	31 March, 2015
Total amount of intra-group exposures	3,418.77	4,252.01
Total amount of top-20 intra-group exposures	3,418.77	4,252.01
Percentage of intra-group exposures to total exposure of the bank on borrowers/customers	0.59	0.82

During the year ended 31 March, 2016 and 31 March, 2015, the intra-group exposures were within the limits specified by RBI.

### 2.1.40 Unhedged Foreign Currency Exposure

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

During the year ended 31 March, 2016, the Bank has made incremental provision of ₹1.62 crores (previous year ₹133.66 crores) and held incremental capital of ₹249.19 crores (previous year ₹326.25 crores) towards borrowers having un-hedged foreign currency exposures.

### 2.1.41 Disclosure on provisioning pertaining to fraud accounts

	(₹ in crores)
	31 March, 2016
Number of frauds reported*	135
Amounts involved	250.28
Provisions held at the beginning of the year	35.69
Provisions made during the year	214.59
Provisions held at the end of the year	250.28
Unamortised provision debited from 'other reserves' as at the end of the year	-

\* Excluding one case amounting to ₹11.78 crores reported as fraud during the year (provision amount of ₹11.78 crores) and subsequently prudentially written off

### 2.1.42 Disclosure on Liquidity Coverage Ratio

#### Qualitative disclosure

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

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

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

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

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

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

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

#### Quantitative disclosure

	(₹ in crores)											
	Quarter ended 31 March, 2016		Quarter ended 31 December, 2016		Quarter ended 30 September, 2016		Quarter ended 30 June, 2016		Quarter ended 31 March, 2015			
	Total Unweighted Value (average)	Total Weighted Value (average)										
<b>High Quality Liquid Assets</b>												
1 Total High Quality Liquid Assets (HQLAs)	56,803.00		46,563.12		47,627.42		44,570.50		55,211.76			
<b>Cash Outflows</b>												
2 Retail Deposits and deposits from small business customers, of which:	196,006.46	17,684.87	178,087.15	15,930.27	173,627.67	15,530.07	170,249.41	15,223.40	133,461.49	11,756.57		
(i) Stable Deposits	38,315.64	1,915.79	37,568.97	1,878.45	36,661.71	1,833.47	36,031.01	1,801.56	31,791.67	1,589.59		
(ii) Less Stable Deposits	157,690.82	15,769.08	140,518.18	14,051.82	136,965.96	13,696.60	134,218.40	13,421.84	101,669.82	10,166.98		
3 Unsecured wholesale funding, of which :	106,696.03	50,177.86	99,688.42	45,309.58	95,590.76	41,013.16	89,298.62	39,009.13	133,049.25	49,462.48		
(i) Operational deposits (all counterparties)	36,597.91	9,143.53	30,895.00	7,716.81	31,017.95	7,747.27	27,753.22	6,931.43	21,024.50	5,250.14		
(ii) Non-operational deposits (all counterparties)	70,098.12	41,034.33	68,793.42	37,592.77	64,572.81	33,265.89	61,545.40	32,077.70	112,024.75	44,212.34		
(iii) Unsecured debt	-	-	-	-	-	-	-	-	-	-		
4 Secured wholesale funding		2,092.31		2,845.78		2,112.83		3,580.11		1,902.52		
5 Additional requirements, of which	22,254.33	13,471.24	19,173.28	11,361.57	19,878.86	11,441.47	19,323.58	9,583.26	17,357.11	9,273.62		
(i) Outflows related to derivative exposures and other collateral requirements	12,551.90	12,551.90	10,565.75	10,565.75	10,577.10	10,577.10	8,570.58	8,570.58	8,442.79	8,442.79		
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	2,831.70	266.64		
(iii) Credit and liquidity facilities	9,702.43	919.34	8,607.53	795.82	9,301.76	864.37	10,753.00	1,012.68	6,082.62	564.19		
6 Other contractual funding obligations	2,345.44	2,255.44	2,298.80	2,298.80	2,460.54	2,460.54	2,386.46	2,386.46	1,846.78	1,846.78		
7 Other contingent funding obligations	173,856.05	7,370.36	174,861.74	8,743.09	172,412.38	8,620.68	165,931.33	8,296.56	1,71,438.09	8,571.90		
<b>8 Total Cash Outflows</b>	<b>93,052.08</b>		<b>86,489.09</b>		<b>81,178.75</b>		<b>78,078.92</b>		<b>82,813.87</b>			
<b>Cash Inflows</b>												

## NOTES (CONT.)

	(₹ in crores)												
	Quarter ended 31 March, 2016			Quarter ended 31 December, 2016			Quarter ended 30 September, 2016			Quarter ended 30 June, 2016		Quarter ended 31 March, 2015	
	Total Unweighted Value (average)	Total Weighted Value (average)											
9 Secured lending (eg. reverse repo)	-	-	-	-	-	-	-	-	-	-	-	-	
10 Inflows from fully performing exposures	21,847.41	14,243.44	17,387.74	12,253.81	15,865.10	11,087.30	15,238.38	10,099.06	16,209.48	11,673.13			
11 Other cash inflows	12,564.22	12,564.22	10,580.85	10,580.85	10,753.91	10,643.10	8,541.66	8,541.66	8,438.68	8,438.68			
12 Total Cash Inflows	34,411.63	26,807.66	27,968.59	22,834.66	26,619.01	21,730.40	23,780.04	18,640.72	24,648.16	20,111.81			
	Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value				
21 Total HQLA	56,803.00		46,563.12		47,627.42		44,570.50		55,211.76				
22 Total Net Cash Outflows	66,244.42		63,654.43		59,448.35		59,438.20		62,702.06				
23 Liquidity Coverage Ratio %	85.75%		73.15%		80.12%		74.99%		88.05%				

Notes: 1) The above data represents simple average of monthly observations for the respective quarters.

2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

## 2.2 Other disclosures

2.2.1 During the year, the Bank has appropriated ₹55.84 crores (previous year ₹63.14 crores) to the Capital Reserve, net of taxes and transfer to statutory reserve, being the gain on sale of HTM investments in accordance with RBI guidelines. As advised by RBI, the Bank has also appropriated ₹6.20 crores (previous year Nil) to the Capital Reserve, net of taxes and transfer to statutory reserve, being the profit earned on sale of premises.

2.2.2 During the year, the Bank has appropriated an amount of ₹1.74 crores (previous year ₹0.96 crores) to Reserve Fund account towards statutory reserve in accordance with guidelines issued by Central Bank of Sri Lanka in respect of Colombo branch operations. Further during the previous year ended 31 March, 2015, an amount of ₹2.22 crores held in the Reserve Fund towards investment reserve was transferred to the profit and loss account in accordance with guidelines issued by Central Bank of Sri Lanka.

### 2.2.3 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

	31 March, 2016	31 March, 2015
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	8,223.66	7,357.82
Basic weighted average no. of shares (in crores)	237.73	235.98
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	1.30	2.53
Diluted weighted average no. of shares (in crores)	239.03	238.51
Basic EPS (₹)	34.59	31.18
Diluted EPS (₹)	34.40	30.85
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 13,010,331 (previous year 25,286,978) stock options.

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

In February 2001, pursuant to the approval of the shareholders at the Extraordinary General Meeting, the Bank approved an Employee Stock Option Scheme. Under the Scheme, the Bank is authorised to issue upto 65,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. Further, over the period June 2004 to July 2013, pursuant to the approval of the shareholders at Annual General Meetings, the Bank approved an ESOP scheme for additional options aggregating 175,087,000. The options vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 240,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is also authorised to issue options to employees and directors of the subsidiary companies.

231,975,450 options have been granted under the Scheme till the previous year ended 31 March, 2015.

On 29 April, 2015, the Bank granted 6,844,500 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/ subsidiary companies at a price of ₹535.00 per option.

On 10 September, 2015, the Bank granted 300,000 stock options (each option representing entitlement to one equity share of the Bank) to one of its Whole Time Directors at a price of ₹486.25 per option.

Stock option activity under the Scheme for the year ended 31 March, 2016 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	41,829,791	100.65 to 306.54	269.17	3.13
Granted during the year	7,144,500	486.25 to 535.00	532.95	-
Forfeited during the year	(970,750)	100.65 to 535.00	350.00	-
Expired during the year	(166,604)	100.65 to 289.51	218.92	-
Exercised during the year	(12,309,627)	100.65 to 306.54	248.05	-
<b>Outstanding at the end of the year</b>	<b>35,527,310</b>	<b>217.33 to 535.00</b>	<b>327.56</b>	<b>3.33</b>
Exercisable at the end of the year	19,856,810	217.33 to 306.54	268.07	1.74

The weighted average share price in respect of options exercised during the year was ₹495.51.

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

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

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

#### Fair Value Methodology

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

## NOTES (CONT.)

	31 March, 2016	31 March, 2015
<b>Net Profit (as reported) (₹ in crores)</b>	8,223.66	7,357.82
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)	(103.06)	(90.26)
<b>Net Profit (Proforma) (₹ in crores)</b>	8,120.60	7,267.56
<b>Earnings per share: Basic (in ₹)</b>		
As reported	34.59	31.18
Proforma	34.16	30.80
<b>Earnings per share: Diluted (in ₹)</b>		
As reported	34.40	30.85
Proforma	33.98	30.49

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, 2016	31 March, 2015
Dividend yield	1.40%	1.32%
Expected life	2.57-4.57 years	2.57-4.57 years
Risk free interest rate	7.61% to 7.78%	8.62% to 8.78%
Volatility	34.85% to 36.51%	35.77% to 38.01%

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, 2016 is ₹178.22 (previous year ₹109.72).

### 2.2.5 Proposed Dividend

The Board of Directors, in their meeting held on 26 April, 2016 have proposed a final dividend of ₹5.00 per equity share amounting to ₹1,404.61 crore, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, proposed dividend is not recognised as a liability as on 31 March, 2016. Accordingly, the balance of Reserves and Surplus is higher by ₹1,404.61 crores (including corporate dividend tax) and the balance of Other Liabilities is lower by an equivalent amount as on 31 March, 2016.

Appropriation to proposed dividend during the year ended 31 March, 2016 represents dividend of ₹2.81 crores (previous year ₹3.41 crores) paid pursuant to exercise of employee stock options after the previous year end but before the record date for declaration of dividend for the year ended 31 March, 2015.

### 2.2.6 Segmental reporting

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

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

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

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

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

Segmental results are set out below:

	31 March, 2016					(₹ in crores)
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total	
<b>Segment Revenue</b>						
Gross interest income (external customers)	11,191.40	15,276.51	14,520.13	-	40,988.04	
Other income	2,523.77	3,255.10	2,697.86	894.73	9,371.46	
<b>Total income as per Profit and Loss Account</b>	<b>13,715.17</b>	<b>18,531.61</b>	<b>17,217.99</b>	<b>894.73</b>	<b>50,359.50</b>	
Add/(less) inter segment interest income	46,475.49	4,816.81	16,769.97	-	68,062.27	
<b>Total segment revenue</b>	<b>60,190.66</b>	<b>23,348.42</b>	<b>33,987.96</b>	<b>894.73</b>	<b>118,421.77</b>	
Less: Interest expense (external customers)	11,569.88	510.83	12,074.36	-	24,155.07	
Less: Inter segment interest expense	44,734.13	11,743.24	11,584.76	0.14	68,062.27	
Less: Operating expenses	391.24	2,528.99	7,071.99	108.60	10,100.82	
<b>Operating profit</b>	<b>3,495.41</b>	<b>8,565.36</b>	<b>3,256.85</b>	<b>785.99</b>	<b>16,103.61</b>	
Less: Provision for non-performing assets/others*	189.87	3,005.70	514.29	-	3,709.86	

## NOTES (CONT.)

(₹ in crores)

	31 March, 2016				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
<b>Segment result</b>	3,305.54	5,559.66	2,742.56	785.99	12,393.75
Less: Provision for tax					4,170.09
Extraordinary profit/loss					-
<b>Net Profit</b>					8,223.66
Segment assets	174,902.85	190,831.82	156,657.98	731.53	523,124.18
Unallocated assets					2,343.44
<b>Total assets</b>					525,467.62
Segment liabilities	169,302.11	90,433.40	212,526.77	22.69	472,284.97
Unallocated liabilities					17.74
<b>Total liabilities</b>					472,302.71
<b>Net assets</b>	5,600.74	100,398.42	(55,868.79)	708.84	53,164.91
<b>Capital expenditure for the year</b>	60.03	415.07	857.27	25.63	1,358.00
<b>Depreciation on fixed assets for the year</b>	19.62	135.68	280.23	8.38	443.91

(₹ in crores)

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

(₹ in crores)

	31 March, 2015				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
<b>Net assets</b>	16,413.07	82,886.47	(56,032.29)	576.60	44,676.51
<b>Capital expenditure for the year</b>	12.97	158.81	343.72	6.85	522.35
<b>Depreciation on fixed assets for the year</b>	10.07	123.33	266.94	5.33	405.67

\* represents material non-cash items other than depreciation

#### Geographic Segment

(₹ in crores)

	Domestic		International		Total
	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015	
Revenue	47,581.79	41,234.79	2,777.71	2,608.85	50,359.50
Assets	472,033.25	412,820.67	53,434.37	49,111.72	525,467.62
Capital Expenditure incurred	1,353.98	521.44	4.02	0.91	1,358.00
Depreciation provided	441.00	402.80	2.91	2.87	443.91
					405.67

#### 2.2.7 Related party disclosure

The related parties of the Bank are broadly classified as:

##### a) Promoters

The Bank has identified the following entities as its Promoters.

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

##### b) Key Management Personnel

- Mrs. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. V. Srinivasan (Deputy Managing Director)
- Mr. Sanjeev K. Gupta [Executive Director (Corporate Centre)] upto 18 March, 2016

##### 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. Gayathri Srinivasan, Mrs. Vanjulam Varadarajan, Mr. V. Satish, Mrs. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Mr. S. Narayanan, Mrs. Poonam Gupta, Mr. Somya Gupta, Mr. Shubham Gupta, Mr. Rajeev Agarwal and Mr. Deepak Kumar Gupta.

## **NOTES (CONT.)**

### **d) Subsidiary Companies**

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

The significant transactions between the Bank and related parties during the year ended 31 March, 2016 and 31 March 2015 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

- Dividend paid: Administrator of The Specified Undertaking of the Unit Trust of India ₹126.43 crores (previous year ₹109.94 crores), Life Insurance Corporation of India ₹130.91 crores (previous year ₹127.35 crores)
- Dividend received: Axis Securities Ltd. ₹14.45 crores (previous year ₹18.06 crores), Axis Trustee Services Ltd. ₹11.25 crores (previous year ₹10.50 crores), Axis Capital Ltd. ₹51.45 crores (previous year Nil), Axis Finance Ltd. ₹62.60 crores (previous year Nil) and Axis Private Equity Ltd. Nil (previous year ₹5.25 crores)
- Interest paid: Administrator of The Specified Undertaking of the Unit Trust of India ₹70.97 crores (previous year ₹41.75 crores) and Life Insurance Corporation of India ₹530.85 crores (previous year ₹744.04 crores)
- Interest received: Life Insurance Corporation of India ₹0.37 crores (previous year ₹0.04 crores), Axis Asset Management Company Ltd. ₹2.29 crores (previous year ₹0.04 crores), Axis Bank UK Ltd. ₹7.94 crores (previous year ₹6.85 crores) and Axis Finance Ltd. ₹1.81 crores (previous year ₹1.59 crores)
- Investment of the Bank: Axis Finance Ltd. ₹100.00 crores (previous year ₹100.00 crores) and Axis Asset Management Company Ltd. Nil (previous year ₹48.75 crores)
- Investment of related party in bonds of the Bank: Life Insurance Corporation of India Nil (previous year ₹500.00 crores)
- Investment of related party in the Bank: Mrs. Shikha Sharma ₹16.08 crores (previous year ₹22.65 crores), Mr. V. Srinivasan ₹11.52 crores (previous year ₹6.81 crores) and Mr. Sanjeev K. Gupta ₹11.43 crores (previous year ₹3.25 crores)
- Redemption of subordinated debt: Life Insurance Corporation of India ₹50.00 crores (previous year Nil)
- Sale of Investments: General Insurance Corporation of India ₹195.00 crores (previous year ₹211.06 crores), New India Assurance Company Ltd. Nil (previous year ₹50.00 crores), National Insurance Company Ltd. ₹80.12 crores (previous year ₹222.34 crores), United India Insurance Company Ltd. ₹50.00 crores (previous year ₹120.02 crores)
- Management Contracts: Axis Securities Ltd. ₹5.02 crores (previous year ₹4.41 crores), Axis Trustee Services Ltd. ₹3.21 crores (previous year ₹2.62 crores), Axis Finance Ltd. ₹2.91 crores (previous year ₹2.70 crores), Mrs. Shikha Sharma ₹5.37 crores (previous year ₹4.18 crores), Mr. V. Srinivasan ₹3.39 crores (previous year ₹2.46 crores) and Mr. Sanjeev K. Gupta ₹4.41 crores (previous year ₹0.84 crores)
- Contribution to employee benefit fund: Life Insurance Corporation of India ₹15.67 crores (previous year ₹16.04 crores)
- Placement of Deposit by the Bank (net): Life Insurance Corporation of India ₹0.08 crores (previous year ₹0.14 crores)
- Non-funded commitments (net): Life Insurance Corporation of India Nil (previous year ₹0.01 crores)
- Call/Term lending to related party: Axis Bank UK Ltd. ₹66.00 crores (previous year Nil)

- Swap/forward contracts: Axis Bank UK Ltd. ₹48.19 crores (previous year ₹158.85 crores)
- Advance granted (net): Axis Asset Management Company Ltd. Nil (previous year ₹44.69 crores) and Axis Finance Ltd. ₹65.11 crores (previous year Nil)
- Advance repaid: Axis Asset Management Company Ltd. ₹44.69 crores (previous year Nil) and Axis Finance Ltd. Nil (previous year ₹30.05 crores)
- Purchase of loans: Axis Bank UK Ltd. Nil (previous year ₹8.92 crores)
- Sell down of loans (including undisbursed loan commitments): Axis Bank UK Ltd. Nil (previous year ₹321.44 crores)
- Advance to related party against rendering of services: Axis Securities Ltd. ₹24.00 crores (previous year ₹21.00 crores)
- Receiving of services: Oriental Insurance Company Ltd. ₹57.88 crores (previous year ₹61.47 crores) and Axis Securities Ltd. ₹418.56 crores (previous year ₹318.10 crores)
- Rendering of services: Axis Asset Management Company Ltd. ₹63.59 crores (previous year ₹194.15 crores), Axis Bank UK Ltd. ₹0.84 crores (previous year ₹0.94 crores) and Axis Capital Ltd. ₹4.55 crores (previous year ₹5.90 crores)
- Purchase of equity shares from related party: Axis Capital Ltd. ₹19.02 crores (previous year Nil)
- Refund of share capital from related party: Axis Private Equity Ltd. ₹13.50 crores (previous year Nil)
- Other reimbursement from related party: Axis Securities Ltd. ₹0.66 crores (previous year ₹0.93 crores), Axis Asset Management Company Ltd. ₹1.94 crores (previous year ₹1.70 crores), Axis Bank UK Ltd. ₹0.67 crores (previous year ₹0.16 crores) and Axis Capital Ltd. ₹4.20 crores (previous year ₹4.67 crores)
- Other reimbursement to related party: Life Insurance Corporation of India ₹0.40 crores (previous year ₹0.37 crores) and Axis Capital Ltd. Nil (previous year ₹0.50 crores).

The details of transactions of the Bank with its related parties during the year ended 31 March, 2016 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Dividend paid	299.18	0.40	-	-	299.58
Dividend received	-	-	-	139.75	139.75
Interest paid	644.89	0.07	0.32	28.90	674.18
Interest received	0.38	0.03	-	12.10	12.51
Investment of the Bank	-	-	-	100.00	100.00
Investment of related party in the Bank	-	39.03	-	-	39.03
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	-	-	-	-	-
Redemption of subordinated debt	50.00	-	-	-	50.00
Purchase of investments	-	-	-	-	-
Sale of investments	325.12	-	-	-	325.12
Management contracts	-	13.18	-	13.13	26.31
Contribution to employee benefit fund	15.67	-	-	-	15.67
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-
Placement of deposits	0.08	-	-	-	0.08
Non-funded commitments (net)	0.04	-	-	(54.35)	(54.31)
Call/Term borrowing	-	-	-	-	-
Call/Term lending	-	-	-	66.00	66.00

## NOTES (CONT.)

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Swaps/Forward contracts	-	-	-	48.19	48.19
Advance granted (net)	1.05	-	-	65.11	66.16
Advance repaid	-	0.66	-	44.70	45.36
Purchase of loans	-	-	-	-	-
Sell down of loans (including undisbursed loan commitments)	-	-	-	-	-
Advance to related party against rendering of services	-	-	-	24.00	24.00
Receiving of services	79.24	-	-	433.70	512.94
Rendering of services	2.76	0.03	-	72.58	75.37
Purchase of equity shares from related party	-	-	-	19.02	19.02
Refund of Share Capital from related party	-	-	-	13.50	13.50
Other reimbursements from related party	-	-	-	8.48	8.48
Other reimbursements to related party	0.40	-	-	-	0.40

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2016 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-
Call/Term lending to related party	-	-	-	66.26	66.26
Deposits with the Bank	7,839.14	1.03	1.97	570.57	8,412.71
Placement of deposits	0.38	-	-	-	0.38
Advances	12.89	0.37	0.03	263.11	276.40
Investment of the Bank	-	-	-	1,274.53	1,274.53
Investment of related party in the Bank	141.68	0.28	-	-	141.68
Non-funded commitments	3.17	-	-	19.00	22.17
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,320.00	-	-	-	3,320.00
Payable under management contracts	-	1.37	-	-	1.37
Other receivables (net)	-	-	-	71.04*	71.04
Other payables (net)	-	-	-	17.20	17.20
Swap/Forward contracts	-	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2016 are given below:

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	12,103.47	9.76	10.21	731.86	<b>12,855.30</b>
Placement of deposits	0.41	-	-	-	<b>0.41</b>
Advances	19.91	0.99	0.09	416.28	<b>437.27</b>
Investment of the Bank	-	-	-	1,288.03	<b>1,288.03</b>
Investment of related party in the Bank	143.43	0.28	-	-	<b>143.71</b>
Non-funded commitments	3.19	-	-	73.35	<b>76.54</b>
Call borrowing	-	-	-	-	-
Call lending	-	-	-	68.72	<b>68.72</b>
Swaps/Forward contracts	-	-	-	20.88	<b>20.88</b>
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	-	<b>3,370.00</b>
Payable under management contracts	-	1.64	-	-	<b>1.64</b>
Other receivables (net)	-	-	-	90.85	<b>90.85</b>
Other payables (net)	-	-	-	29.40	<b>29.40</b>

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

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Dividend paid	275.28	0.28	-	-	<b>275.56</b>
Dividend received	-	-	-	33.81	<b>33.81</b>
Interest paid	810.09	0.30	0.28	32.39	<b>843.06</b>
Interest received	0.05	0.12	-	8.75	<b>8.92</b>
Investment of the Bank	-	-	-	148.75	<b>148.75</b>
Investment of related party in the Bank	-	39.74	-	-	<b>39.74</b>
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	550.00	-	-	-	<b>550.00</b>
Redemption of subordinated debt	-	-	-	-	-
Purchase of investments	-	-	-	-	-
Sale of investments	658.93	-	-	-	<b>658.93</b>
Management contracts	-	11.99	-	9.90	<b>21.89</b>
Contribution to employee benefit fund	16.04	-	-	-	<b>16.04</b>
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	-	-	-	0.03	<b>0.03</b>
Placement of deposits	0.14	-	-	-	<b>0.14</b>
Non-funded commitments (net)	0.08	-	-	69.00	<b>69.08</b>
Call/Term borrowing	-	-	-	-	-
Call/Term lending	-	-	-	-	-
Swaps/Forward contracts	-	-	-	158.85	<b>158.85</b>

## NOTES (CONT.)

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Advance granted (net)	0.04	-	-	44.70	<b>44.74</b>
Advance repaid	-	0.23	-	30.05	<b>30.28</b>
Purchase of loans	-	-	-	8.92	<b>8.92</b>
Sell down of loans (including undisbursed loan commitments)	-	-	-	321.44	<b>321.44</b>
Advance to related party against rendering of services	-	-	-	21.00	<b>21.00</b>
Receiving of services	78.43	-	-	324.08	<b>402.51</b>
Rendering of services	2.18	-	-	205.51	<b>207.69</b>
Purchase of equity shares from related party	-	-	-	-	-
Other reimbursements from related party	-	-	-	8.46	<b>8.46</b>
Other reimbursements to related party	0.37	-	-	0.50	<b>0.87</b>

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

(₹ in crores)

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

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

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-
Deposits with the Bank	13,937.88	15.50	6.61	811.58	<b>14,771.57</b>
Placement of deposits	0.30	-	-	-	<b>0.30</b>
Advances	50.43	1.61	-	350.09	<b>402.13</b>
Investment of the Bank	-	-	-	1,169.01	<b>1,169.01</b>
Investment of related party in the Bank	138.78	0.17	-	-	<b>138.95</b>
Non-funded commitments	3.13	-	-	73.35	<b>76.48</b>

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	(₹ in crores)
					Total
Call borrowing	-	-	-	-	-
Call lending	-	-	-	-	-
Swaps/Forward contracts	-	-	-	83.09	83.09
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	-	3,370.00
Payable under management contracts	-	0.90	-	-	0.90
Other receivables (net)	-	-	-	160.41	160.41
Other payables (net)	-	-	-	20.70	20.70

The transactions with Promoters and Key Management Personnel excluding those under management contracts are in nature of the banker-customer relationship.

Details of transactions with Axis Mutual Fund and Axis Infrastructure Fund-I, the funds floated by Axis Asset Management Company Ltd. and Axis Private Equity Ltd., the Bank's subsidiaries have not been disclosed since these entities do not qualify as Related Parties as defined under the Accounting Standard 18, Related Party Disclosure, as notified under Section 2(2) and Section 133 of the Companies Act, 2013 and as per RBI guidelines.

\* Upto 31 December, 2014, the Bank had entered into an arrangement with Axis Asset Management Company Ltd. (Axis AMC), the Bank's subsidiary, in terms of which payment of brokerage in respect of distribution of certain schemes is scheduled over the period of the schemes. This arrangement, however, has no effect on the accounting policy of the Bank, as such brokerage income is recognised by the Bank as and when the same is due. Other receivables include such brokerage recoverable from Axis AMC as on the reporting date.

## 2.2.8 Leases

Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, staff quarters, electronic data capturing machines and IT equipment.

	(₹ in crores)	31 March, 2016	31 March, 2015
Future lease rentals payable as at the end of the year:			
- Not later than one year		656.03	617.96
- Later than one year and not later than five years		2,080.29	1,967.27
- Later than five years		1,261.53	982.37
Total of minimum lease payments recognised in the Profit and Loss Account for the year		494.45	653.63
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases		-	0.11
Sub-lease payments recognised in the Profit and Loss Account for the year		0.03	0.03

The Bank has sub-leased certain of its properties taken on lease.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

## NOTES (CONT.)

### 2.2.9 Other Fixed Assets (including furniture & fixtures)

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

Particulars	31 March, 2016	31 March, 2015
<b>At cost at the beginning of the year</b>	713.77	586.02
Additions during the year	141.87	127.84
Deductions during the year	(2.79)	(0.09)
Accumulated depreciation as at 31 March	(560.81)	(461.73)
<b>Closing balance as at 31 March</b>	<b>292.04</b>	<b>252.04</b>
Depreciation charge for the year	101.80	81.40

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

As at	31 March, 2016	31 March, 2015
Deferred tax assets on account of provisions for loan losses	1,709.70	1,382.83
Deferred tax assets on account of amortisation of HTM investments	26.33	37.70
Deferred tax assets on account of provision for employee benefits	73.62	75.51
Deferred tax assets on account of other items	324.04	436.27
<b>Deferred tax assets</b>	<b>2,133.69</b>	<b>1,932.31</b>
Deferred tax liabilities on account of depreciation on fixed assets	48.21	45.40
Deferred tax liabilities on account of other items	126.69	-
<b>Deferred tax liabilities</b>	<b>174.90</b>	<b>45.40</b>
<b>Net Deferred tax assets</b>	<b>1,958.79</b>	<b>1,886.91</b>

### 2.2.11 Employee Benefits

#### Provident Fund

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date.

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

#### Profit and Loss Account

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

	31 March, 2016	31 March, 2015
Current Service Cost	65.55	67.98
Interest on Defined Benefit Obligation	99.45	95.04
Expected Return on Plan Assets	(117.69)	(97.25)
Net Actuarial Losses/(Gains) recognised in the year	18.25	2.21
<b>Total included in "Employee Benefit Expense" [Schedule 16(l)]</b>	<b>65.56</b>	<b>67.98</b>
Actual Return on Plan Assets	99.04	93.26

### Balance Sheet

Details of provision for provident fund

	31 March, 2016	31 March, 2015
Fair Value of Plan Assets	1,437.90	1,240.83
Present Value of Funded Obligations	(1,437.90)	(1,240.83)
<b>Net Asset</b>	<b>-</b>	<b>-</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	-	-
Assets	-	-
<b>Net Asset (included under Schedule 11 – Other Assets)</b>	<b>-</b>	<b>-</b>

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

	31 March, 2016	31 March, 2015
<b>Change in Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	<b>1,240.83</b>	<b>1,013.25</b>
Current Service Cost	65.55	67.98
Interest Cost	99.45	95.04
Actuarial Losses/(Gains)	12.08	(1.78)
Employees Contribution	160.81	152.02
Liability transferred from/to other companies	(11.96)	0.71
Benefits Paid	(128.86)	(86.39)
<b>Closing Defined Benefit Obligation</b>	<b>1,437.90</b>	<b>1,240.83</b>

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

	31 March, 2016	31 March, 2015
<b>Change in the Fair Value of Assets</b>		
<b>Opening Fair Value of Plan Assets</b>	<b>1,240.83</b>	<b>1,013.25</b>
Expected Return on Plan Assets	117.69	97.25
Actuarial Gains/(Losses)	(6.16)	(3.99)
Employer contribution during the period	65.55	67.98
Employee contribution during the period	160.81	152.02
Assets transferred from/to other companies	(11.96)	0.71
Benefits Paid	(128.86)	(86.39)
<b>Closing Fair Value of Plan Assets</b>	<b>1,437.90</b>	<b>1,240.83</b>

Experience adjustments\*

	31 March, 2016	31 March, 2015	31 March, 2014
Defined Benefit Obligations	1,437.90	1,240.83	1,013.25
Plan Assets	1,437.90	1,240.83	1,013.25
Surplus/(Deficit)	-	-	-
Experience Adjustments on Plan Liabilities	12.08	(1.78)	53.03
Experience Adjustments on Plan Assets	(6.16)	(3.99)	41.42

\* information provided to the extent available with the Bank

## NOTES (CONT.)

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

	31 March, 2016	31 March, 2015
	%	%
Government securities	53.04	52.84
Bonds, debentures and other fixed income instruments	30.74	30.13
Equity shares	-	12.15
Others	16.22	4.88

Principal actuarial assumptions at the Balance Sheet date:

	31 March, 2016	31 March, 2015
Discount rate for the term of the obligation	7.95%	8.00%
Average historic yield on the investment portfolio	9.01%	9.01%
Discount rate for the remaining term to maturity of the investment portfolio	7.94%	7.89%
Expected investment return	9.02%	9.12%
Guaranteed rate of return	8.75%	8.75%

The contribution to the employee's provident fund (including Employee Pension Scheme) amounted to ₹115.39 crores (previous year ₹107.29 crores) for the year.

### Superannuation

The Bank contributed ₹15.27 crores (previous year ₹15.72 crores) to the employees' superannuation plan for the year.

### Leave Encashment

The actuarial liability of compensated absences of accumulated privileged leave of the employees of the Bank is given below:

	(₹ in crores)	31 March, 2016	31 March, 2015
Actuarial Liability – Privilege Leave		209.10	210.76
<b>Total Expense included in Schedule 16 (I)</b>		16.71	66.35
<b>Assumptions</b>			
Discount rate		7.95% p.a.	8.00% p.a.
Salary escalation rate		7.00% p.a.	7.00% p.a.

### Gratuity

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

#### Profit and Loss Account

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

	(₹ in crores)	31 March, 2016	31 March, 2015
Current Service Cost		30.08	24.75
Interest on Defined Benefit Obligation		17.94	15.71
Expected Return on Plan Assets		(15.70)	(11.82)
Net Actuarial Losses/(Gains) recognised in the year		9.20	19.45
Past Service Cost		-	-
<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>		41.52	48.09
Actual Return on Plan Assets		10.34	13.09

Balance Sheet

Details of provision for gratuity

	31 March, 2016	31 March, 2015
Fair Value of Plan Assets	232.56	209.49
Present Value of Funded Obligations	(232.55)	(206.96)
<b>Net Asset</b>	<b>0.01</b>	<b>2.53</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	-	-
Assets	0.01	2.53
<b>Net Asset (included under Schedule 11 – Other Assets)</b>	<b>0.01</b>	<b>2.53</b>

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

	31 March, 2016	31 March, 2015
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	206.96	157.72
Current Service Cost	30.08	24.75
Interest Cost	17.94	15.71
Actuarial Losses/(Gains)	3.84	20.73
Past service cost	-	-
Benefits Paid	(26.27)	(11.95)
<b>Closing Defined Benefit Obligation</b>	<b>232.55</b>	<b>206.96</b>

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

	31 March, 2016	31 March, 2015
<b>Change in the Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	209.49	163.35
Expected Return on Plan Assets	15.70	11.82
Actuarial Gains/(Losses)	(5.36)	1.26
Contributions by Employer	39.00	45.01
Benefits Paid	(26.27)	(11.95)
<b>Closing Fair Value of Plan Assets</b>	<b>232.56</b>	<b>209.49</b>

Experience adjustments

	31 March, 2016	31 March, 2015	31 March, 2014	31 March, 2013	31 March, 2012
Defined Benefit Obligations	232.55	206.96	157.72	137.60	93.40
Plan Assets	232.56	209.49	163.35	146.22	97.91
Surplus/(Deficit)	0.01	2.53	5.63	8.62	4.51
Experience Adjustments on Plan Liabilities	2.78	1.06	7.67	4.58	27.08
Experience Adjustments on Plan Assets	(5.36)	1.27	2.33	2.07	0.48

## NOTES (CONT.)

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

	31 March, 2016 %	31 March, 2015 %
Government securities	49.15	39.17
Bonds, debentures and other fixed income instruments	39.34	41.35
Money market instruments	5.69	6.37
Equity shares	2.62	1.18
Others	3.20	11.93

Principal actuarial assumptions at the Balance Sheet date:

	31 March, 2016	31 March, 2015
Discount Rate	7.95% p.a.	8.00% p.a.
Expected Rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- 21 to 30 (age in years)	19.00%	19.00%
- 31 to 44 (age in years)	8.00%	8.00%
- 45 to 59 (age in years)	4.00%	4.00%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

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

### 2.2.12 Provisions and contingencies

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

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Opening balance at the beginning of the year	24.80	14.06
Additions during the year	15.78	11.27
Reductions on account of payments during the year	-	(0.23)
Reductions on account of reversals during the year	(0.76)	(0.30)
<b>Closing balance at the end of the year</b>	<b>39.82</b>	<b>24.80</b>

- b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Opening provision at the beginning of the year	83.19	85.31
Provision made during the year	62.14	8.39
Reductions during the year	(17.95)	(10.51)
<b>Closing provision at the end of the year</b>	<b>127.38</b>	<b>83.19</b>

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

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Opening provision at the beginning of the year	1,058.68	821.61
Provision made during the year	1,342.21	824.50
Reductions during the year	(1,861.80)	(587.43)
<b>Closing provision at the end of the year</b>	<b>539.09</b>	<b>1,058.68</b>

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

#### 2.2.13 Unclaimed Shares:

Details of unclaimed shares as of 31 March, 2016 and 31 March, 2015 are as follows:

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Aggregate number of shareholders at the beginning of the year	29	29
Total outstanding shares in Unclaimed Suspense Account at the beginning of the year	18,000	18,000
Number of shareholders who approached to issuer for transfer of shares from Unclaimed Suspense Account during the year	-	-
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	-	-
Aggregate number of shareholders at the end of the year	29	29
Total outstanding shares in Unclaimed Suspense Account at the end of the year	18,000	18,000

#### 2.2.14 Small and Micro Industries

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

#### 2.2.15 Corporate Social Responsibility (CSR)

- a) Amount required to be spent by the Bank on CSR during the year ₹163.03 crores (previous year ₹133.77 crores).
- b) Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹137.41 crores (previous year ₹123.22 crores), which comprise of following -

	31 March, 2016			31 March, 2015		
	In cash	Yet to be paid in cash (i.e. provision)	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/ acquisition of any asset	23.03	-	23.03	2.90	-	2.90
On purpose other than above	97.04	17.34	114.38	116.72	3.60	120.32

## **NOTES (CONT.)**

### **2.2.16 Description of contingent liabilities**

#### **a) Claims against the Bank not acknowledged as debts**

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Bank. Apart from claims assessed as possible, the Bank holds provision of ₹25.67 crores as on 31 March, 2016 (previous year ₹25.63 crores) towards claims assessed as probable.

#### **b) Liability on account of forward exchange and derivative contracts**

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

#### **c) Guarantees given on behalf of constituents**

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

#### **d) Acceptances, endorsements and other obligations**

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

#### **e) Other items**

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Bank and amount transferred to Depositor Education and Awareness Fund (DEAF).

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

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

**For Axis Bank Ltd.**

**Sanjiv Misra**  
Chairman

**V. R. Kaundinya**  
Director

**Samir K. Barua**  
Director

**S. Vishvanathan**  
Director

**Rakesh Makhija**  
Director

**Shikha Sharma**  
Managing Director & CEO

Date : 26 April, 2016    **Girish V. Koliyote**  
Place: Mumbai              Company Secretary

**Jairam Sridharan**  
Chief Financial Officer

**V. Srinivasan**  
Deputy Managing Director

# **ANCIAL STATEMENTS CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATED FINANCIAL STATEMENTS**

# INDEPENDENT AUDITOR'S REPORT

To

**The Members of Axis Bank Limited**

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Axis Bank Limited (hereinafter referred to as "the Bank") and its subsidiaries (together, the "Group"), comprising of the consolidated Balance Sheet as at 31 March, 2016, the consolidated Profit and Loss Account and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes to the financial statements (hereinafter referred to as 'the consolidated financial statements').

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

The Bank's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March, 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

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

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) The other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Profit and Loss Account and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of the written representations received from the directors of the Bank as on 31 March, 2016 taken on record by the Board of Directors of the Bank and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Bank and its subsidiary companies, refer to our separate report in Annexure 1 to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and jointly controlled entities – Refer Note 18.2.1.14 (a) to the consolidated financial statements;
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 18.2.1.14 to the consolidated financial statements in respect of such items as it relates to the Group;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank, its subsidiaries.

### **Other Matter**

The accompanying consolidated financial statements include total assets of ₹4,699 crores as at 31 March, 2016, and total revenues and net cash inflows of ₹522 crores and ₹14 crores for the year ended on that date, in respect of subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E

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

Partner

Membership Number: 048749

Place of Signature: Mumbai

Date: 26 April, 2016

## **INDEPENDENT AUDITOR'S REPORT (CONT.)**

### **Annexure**

### **To the Independent Auditor's Report of even date on the Consolidated Financial Statements of Axis Bank Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

**To**

### **The Members of Axis Bank Limited**

In conjunction with our audit of the consolidated financial statements of Axis Bank Limited as of and for the year ended 31 March, 2016, we have audited the internal financial controls over financial reporting of Axis Bank Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company, its subsidiaries, has maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note.

**Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these 2 subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

**For S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

**per Viren H. Mehta**

Partner

Membership Number: 048749

Place of Signature: Mumbai

Date: 26 April, 2016

# CONSOLIDATED BALANCE SHEET

as at 31 March, 2016

(₹ in Thousands)

	Schedule No.	As at 31-03-2016	As at 31-03-2015
<b>Capital And Liabilities</b>			
Capital	1	4,765,664	4,741,044
Reserves & Surplus	2	530,821,913	444,754,902
Minority Interest	2A	390,546	311,361
Deposits	3	3,583,021,932	3,222,441,700
Borrowings	4	1,044,937,320	843,935,036
Other Liabilities and Provisions	5	156,394,743	156,245,690
<b>Total</b>		<b>5,320,332,118</b>	<b>4,672,429,733</b>
<b>Assets</b>			
Cash and Balances with Reserve Bank of India	6	223,611,562	198,188,446
Balances with Banks and Money at Call and Short Notice	7	113,416,529	166,732,539
Investments	8	1,218,807,842	1,185,266,250
Advances	9	3,446,633,156	2,844,486,456
Fixed Assets	10	35,737,637	25,519,012
Other Assets	11	282,125,392	252,237,030
<b>Total</b>		<b>5,320,332,118</b>	<b>4,672,429,733</b>
Contingent Liabilities	12	6,188,115,431	5,913,342,873
Bills for Collection		512,794,653	490,086,861
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Consolidated Balance Sheet			

In terms of our report attached.

For Axis Bank Ltd.

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

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

V. R. Kaundinya  
Director

Samir K. Barua  
Director

S. Vishvanathan  
Director

Rakesh Makhija  
Director

Shikha Sharma  
Managing Director & CEO

Date : 26 April, 2016      Girish V. Koliyote  
Place: Mumbai      Company Secretary

Jairam Sridharan  
Chief Financial Officer

V. Srinivasan  
Deputy Managing Director

# CONSOLIDATED PROFIT & LOSS ACCOUNT

for the year ended 31 March, 2016

	Schedule No.	Year ended 31-03-2016	Year ended 31-03-2015
<b>I Income</b>			
Interest earned	13	414,092,495	357,274,565
Other income	14	99,549,760	88,381,144
<b>Total</b>		<b>513,642,255</b>	<b>445,655,709</b>
<b>II Expenditure</b>			
Interest expended	15	243,442,343	213,412,610
Operating expenses	16	106,113,710	96,099,332
Provisions and contingencies	18 (2.1.1)	80,510,360	61,658,952
<b>Total</b>		<b>430,066,413</b>	<b>371,170,894</b>
<b>III Net Profit for the Year</b>		<b>83,575,842</b>	<b>74,484,815</b>
Minority interest		(79,185)	(19,439)
Share in Profit/(Loss) of Associate		-	13,589
<b>IV Consolidated Net Profit Attributable to Group</b>		<b>83,496,657</b>	<b>74,478,965</b>
Balance in Profit & Loss Account brought forward from previous year		177,897,402	136,012,379
<b>V Amount Available for Appropriation</b>		<b>261,394,059</b>	<b>210,491,344</b>
<b>VI Appropriations:</b>			
Transfer to Statutory Reserve		20,559,157	18,394,555
Transfer to Reserve Fund u/s 45 IC of RBI Act, 1934		221,600	156,400
Transfer to/(from) Investment Reserve		(418,074)	254,885
Transfer to Capital Reserve		620,406	631,421
Transfer to General Reserve		54,011	16,534
Transfer to/(from) Reserve Fund		17,409	(12,664)
Proposed dividend (includes tax on dividend)	18 (2.1.6)	312,590	13,152,811
Balance in Profit & Loss Account carried forward		240,026,960	177,897,402
<b>Total</b>		<b>261,394,059</b>	<b>210,491,344</b>
<b>VII Earnings per Equity Share</b>		18 (2.1.4)	
(Face value ₹2/- per share) (Rupees)			
Basic		35.12	31.56
Diluted		34.93	31.23
Significant Accounting Policies and Notes to Accounts		17 & 18	
Schedules referred to above form an integral part of the Consolidated Profit and Loss Account			

In terms of our report attached.

For Axis Bank Ltd.

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

Sanjiv Misra  
Chairman

Viren H. Mehta  
Partner

V. R. Kaundinya  
Director

Samir K. Barua  
Director

S. Vishvanathan  
Director

Rakesh Makhija  
Director

Shikha Sharma  
Managing Director & CEO

Date : 26 April, 2016  
Place: Mumbai

Girish V. Koliyote  
Company Secretary

Jairam Sridharan  
Chief Financial Officer

V. Srinivasan  
Deputy Managing Director

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March, 2016

(₹ in Thousands)

	Year ended 31-03-2016	Year ended 31-03-2015
<b>Cash flow from operating activities</b>		
Net profit before taxes	126,820,480	112,812,999
<b>Adjustments for:</b>		
Depreciation on fixed assets	4,613,903	4,196,443
Depreciation on investments	841,094	(509,798)
Amortisation of premium on Held to Maturity investments	783,691	779,346
Provision for Non Performing Assets (including bad debts)	38,004,587	17,886,115
Provision on standard assets	3,956,954	2,927,507
Provision for wealth tax	(477)	9,300
(Profit)/Loss on sale of fixed assets (net)	(60,574)	36,500
Provision for restructured assets/strategic debt restructuring	(617,811)	(818,769)
Provision on unhedged foreign currency exposure	16,200	1,336,600
Provision for other contingencies	(5,014,010)	2,480,374
	<b>169,344,037</b>	<b>141,136,617</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in investments	(142,895,898)	(91,686,603)
(Increase)/Decrease in advances	(638,336,336)	(536,893,261)
Increase /(Decrease) in deposits	360,580,232	417,030,962
(Increase)/Decrease in other assets	(28,076,475)	(39,867,664)
Increase/(Decrease) in other liabilities & provisions	14,019,256	850,166
Direct taxes paid	(45,401,573)	(42,195,220)
<b>Net cash flow from operating activities</b>	<b>(310,766,757)</b>	<b>(151,625,003)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(14,944,047)	(5,385,634)
(Increase)/Decrease in Held to Maturity investments	107,004,252	(73,836,316)
Proceeds from sale of fixed assets	192,654	100,405
<b>Net cash used in investing activities</b>	<b>92,252,859</b>	<b>(79,121,545)</b>

## CONSOLIDATED CASH FLOW STATEMENT (CONT.)

(₹ in Thousands)

	Year ended 31-03-2016	Year ended 31-03-2015
<b>Cash flow from financing activities</b>		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	12,264,056	9,164,337
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	188,738,228	307,378,461
Proceeds from issue of share capital	24,620	42,599
Proceeds from share premium (net of share issue expenses)	3,028,823	4,768,948
Payment of dividend	(13,368,029)	(11,088,076)
Increase in minority interest	79,185	181,939
<b>Net cash generated from financing activities</b>	<b>190,766,883</b>	<b>310,448,208</b>
Effect of exchange fluctuation translation reserve	(145,879)	(602,243)
Net increase in cash and cash equivalents	(27,892,894)	79,099,417
Cash and cash equivalents at the beginning of the year	364,920,985	285,821,568
<b>Cash and cash equivalents at the end of the year</b>	<b>337,028,091</b>	<b>364,920,985</b>
Notes to the Cash Flow Statement:		
Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	223,611,562	198,188,446
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	113,416,529	166,732,539
<b>Cash and cash equivalents at the end of the year</b>	<b>337,028,091</b>	<b>364,920,985</b>

In terms of our report attached.

For Axis Bank Ltd.

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

**Sanjiv Misra**  
Chairman

**Viren H. Mehta**  
Partner

**V. R. Kaundinya**  
Director

**Samir K. Barua**  
Director

**S. Vishvanathan**  
Director

**Rakesh Makija**  
Director

**Shikha Sharma**  
Managing Director & CEO

Date : 26 April, 2016  
Place: Mumbai

**Girish V. Koliyote**  
Company Secretary

**Jairam Sridharan**  
Chief Financial Officer

**V. Srinivasan**  
Deputy Managing Director

# SCHEDULES

forming part of the Consolidated Balance Sheet as at 31 March, 2016

## Schedule 1 - Capital

	(₹ in Thousands)	
	As at 31-03-2016	As at 31-03-2015
<b>Authorised Capital</b>		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
<b>Issued, Subscribed and Paid-up capital</b>		
2,382,831,826 (Previous year - 2,370,522,199) Equity Shares of ₹2/- each fully paid-up [Refer Schedule 18.1]	4,765,664	4,741,044

## Schedule 2 - Reserves and Surplus

	(₹ in Thousands)	
	As at 31-03-2016	As at 31-03-2015
<b>I. Statutory Reserve</b>		
Opening Balance	85,313,168	66,918,613
Additions during the year	20,559,157	18,394,555
	<b>105,872,325</b>	<b>85,313,168</b>
<b>II. Share Premium Account</b>		
Opening Balance	163,843,036	159,074,088
Additions during the year	3,028,823	4,768,948
Less: Share issue expenses	-	-
	<b>166,871,859</b>	<b>163,843,036</b>
<b>III. Investment Reserve Account</b>		
Opening Balance	1,289,745	1,034,860
Additions/(Deductions) during the year (net)	(418,074)	254,885
	<b>871,671</b>	<b>1,289,745</b>
<b>IV. General Reserve</b>		
Opening Balance	3,740,826	3,724,292
Additions during the year	54,011	16,534
	<b>3,794,837</b>	<b>3,740,826</b>
<b>V. Capital Reserve</b>		
Opening Balance	10,480,249	9,848,828
Additions during the year	620,406	631,421
	<b>11,100,655</b>	<b>10,480,249</b>
<b>VI. Foreign Currency Translation Reserve</b> [Refer Schedule 17 (4.5)]		
Opening Balance	1,862,091	2,464,334
Additions/(Deductions) during the year (net)	(145,879)	(602,243)
	<b>1,716,212</b>	<b>1,862,091</b>
<b>VII. Reserve Fund</b>		
Opening Balance	23,885	36,549
Additions/(Deductions) during the year (net)	17,409	(12,664)
	<b>41,294</b>	<b>23,885</b>
<b>VIII. Reserve Fund u/s 45 IC of RBI Act, 1934</b>		
Opening Balance	304,500	148,100
Additions during the year	221,600	156,400
	<b>526,100</b>	<b>304,500</b>
<b>IX. Balance in Profit &amp; Loss Account</b>	<b>240,026,960</b>	<b>177,897,402</b>
<b>Total</b>	<b>530,821,913</b>	<b>444,754,902</b>

### Schedule 2A - Minority Interest

	₹ in Thousands)	
	As at 31-03-2016	As at 31-03-2015
I. Minority Interest		
Opening Balance	311,361	129,421
Increase/(Decrease) during the year	79,185	181,940
Closing Minority Interest	<b>390,546</b>	<b>311,361</b>

### Schedule 3 - Deposits

	₹ in Thousands)	
	As at 31-03-2016	As at 31-03-2015
A. I. Demand Deposits		
(i) From banks	46,692,546	39,561,238
(ii) From others	588,518,516	519,809,061
II. Savings Bank Deposits	1,057,934,225	882,921,758
III. Term Deposits		
(i) From banks	74,025,125	84,010,165
(ii) From others	1,815,851,520	1,696,139,478
<b>Total</b>	<b>3,583,021,932</b>	<b>3,222,441,700</b>
B. I. Deposits of branches in India	3,527,724,347	3,166,496,390
II. Deposits of branches/subsidiaries outside India	55,297,585	55,945,310
<b>Total</b>	<b>3,583,021,932</b>	<b>3,222,441,700</b>

### Schedule 4 - Borrowings

	₹ in Thousands)	
	As at 31-03-2016	As at 31-03-2015
I. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other banks #	22,837,989	29,093,122
(iii) Other institutions & agencies **	381,164,809	275,579,626
II. Borrowings outside India \$	640,934,522	539,262,288
<b>Total</b>	<b>1,044,937,320</b>	<b>843,935,036</b>
Secured borrowings included in I & II above	17,523,923	10,799,116

# Borrowings from other banks include Subordinated Debt of ₹90.10 crores (previous year ₹377.60 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹25.00 crores (previous year Nil) and Upper Tier II instruments of ₹49.10 crores [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

\*\* Borrowings from other institutions & agencies include Subordinated Debt of ₹12,240.70 crores (previous year ₹10,823.20 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹189.00 crores (previous year ₹214.00 crores) and Upper Tier II instruments of ₹258.40 crores (previous year ₹258.40 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

\$ Borrowings outside India include Perpetual Debt of ₹304.77 crores (previous year ₹287.50 crores) and Upper Tier II instruments of ₹1,391.12 crores (previous year ₹1,311.98 crores) [Also refer Note 18 (2.1.3)]

## **SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2016 (CONT.)**

### **Schedule 5 - Other Liabilities and Provisions**

	(₹ in Thousands)	As at 31-03-2016	As at 31-03-2015
I. Bills payable		36,453,959	39,372,758
II. Inter-office adjustments (net)		-	-
III. Interest accrued		26,145,490	20,682,515
IV. Proposed dividend (includes tax on dividend) [Refer Schedule 18 (2.1.6)]		-	13,055,440
V. Contingent provision against standard assets		20,138,747	16,010,873
VI. Others (including provisions)		73,656,547	67,124,104
<b>Total</b>		<b>156,394,743</b>	<b>156,245,690</b>

### **Schedule 6 - Cash and Balances with Reserve Bank of India**

	(₹ in Thousands)	As at 31-03-2016	As at 31-03-2015
I. Cash in hand (including foreign currency notes)		41,204,898	42,154,361
II. Balances with Reserve Bank of India:			
(i) in Current Account		182,406,664	156,034,085
(ii) in Other Accounts		-	-
<b>Total</b>		<b>223,611,562</b>	<b>198,188,446</b>

### **Schedule 7 - Balances with Banks and Money at Call and Short Notice**

	(₹ in Thousands)	As at 31-03-2016	As at 31-03-2015
I. In India			
(i) Balance with Banks			
(a) in Current Accounts		2,104,609	2,213,579
(b) in Other Deposit Accounts		11,942,150	12,852,440
(ii) Money at Call and Short Notice			
(a) With banks		-	-
(b) With other institutions		41,184,875	86,192,067
<b>Total</b>		<b>55,231,634</b>	<b>101,258,086</b>
II. Outside India			
(i) in Current Accounts		15,738,488	8,214,657
(ii) in Other Deposit Accounts		26,158,271	24,439,311
(iii) Money at Call & Short Notice		16,288,136	32,820,485
<b>Total</b>		<b>58,184,895</b>	<b>65,474,453</b>
<b>Grand Total (I+II)</b>		<b>113,416,529</b>	<b>166,732,539</b>

## Schedule 8 - Investments

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
<b>I. Investments in India in -</b>		
(i) Government Securities ## **	850,430,001	812,460,111
(ii) Other approved securities	-	-
(iii) Shares	12,439,671	7,390,249
(iv) Debentures and Bonds	231,531,115	252,221,297
(v) Investment in Joint Ventures	-	-
(vi) Others (Mutual Fund units, CD/CP, PTC etc.)	94,022,174	93,191,933
<b>Total Investments in India</b>	<b>1,188,422,961</b>	<b>1,165,263,590</b>
<b>II. Investments outside India in -</b>		
(i) Government Securities (including local authorities)	21,088,195	11,705,282
(ii) Subsidiaries and/or joint ventures abroad	-	-
(iii) Others (Equity Shares and Bonds)	9,296,686	8,297,378
<b>Total Investments outside India</b>	<b>30,384,881</b>	<b>20,002,660</b>
<b>Grand Total (I+II)</b>	<b>1,218,807,842</b>	<b>1,185,266,250</b>

# # Includes securities costing ₹29,020.93 crores (previous year ₹11,981.89 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

\*\* Net of Repo borrowing of ₹9,517.86 crores (previous year ₹6,194.55 crores) under the Liquidity Adjustment Facility in line with the RBI requirements

## **SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2016 (CONT.)**

### **Schedule 9 - Advances**

			(₹ in Thousands)	
			As at 31-03-2016	As at 31-03-2015
A.	(i)	Bills purchased and discounted	47,107,156	52,037,662
	(ii)	Cash credits, overdrafts and loans repayable on demand @	965,473,393	804,138,531
	(iii)	Term loans #	2,434,052,607	1,988,310,263
	<b>Total</b>		<b>3,446,633,156</b>	<b>2,844,486,456</b>
B.	(i)	Secured by tangible assets \$	2,600,830,091	2,223,044,145
	(ii)	Covered by Bank/Government Guarantees &&	40,302,677	35,061,043
	(iii)	Unsecured	805,500,388	586,381,268
	<b>Total</b>		<b>3,446,633,156</b>	<b>2,844,486,456</b>
C.	I.	Advances in India		
	(i)	Priority Sector	816,012,439	697,714,885
	(ii)	Public Sector	35,457,656	35,629,745
	(iii)	Banks	2,068,310	830,468
	(iv)	Others	2,062,119,670	1,637,081,680
	<b>Total</b>		<b>2,915,658,075</b>	<b>2,371,256,778</b>
	II.	Advances Outside India		
	(i)	Due from banks	1,373,656	1,562,500
	(ii)	Due from others -		
	(a)	Bills purchased and discounted	13,220,140	4,528,093
	(b)	Syndicated loans	135,410,920	127,665,565
	(c)	Others	380,970,365	339,473,520
	<b>Total</b>		<b>530,975,081</b>	<b>473,229,678</b>
	<b>Grand Total [C.I+C.II]</b>		<b>3,446,633,156</b>	<b>2,844,486,456</b>

@ Net of borrowings under Inter Bank Participation Certificate/Funded Risk Participation ₹662.55 crores (previous year ₹1,301.43 crores)

# Net of borrowings under Inter Bank Participation Certificate ₹7,483.34 crores (previous year ₹15,317.68 crores)

\$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

## Schedule 10 - Fixed Assets

	₹ in Thousands)	As at 31-03-2016	As at 31-03-2015
<b>I. Premises</b>			
<b>Gross Block</b>			
At cost at the beginning of the year	9,507,021	9,041,075	
Additions during the year	8,800,025	465,946	
Deductions during the year	(17,131)	-	
<b>Total</b>	<b>18,289,915</b>	<b>9,507,021</b>	
<b>Depreciation</b>			
As at the beginning of the year	708,710	556,787	
Charge for the year	158,686	151,923	
Deductions during the year	(6,708)	-	
Depreciation to date	860,688	708,710	
<b>Net Block</b>	<b>17,429,227</b>	<b>8,798,311</b>	
<b>II. Other fixed assets (including furniture &amp; fixtures)</b>			
<b>Gross Block</b>			
At cost at the beginning of the year	36,256,166	33,180,276	
Additions during the year	5,036,713	4,884,103	
Deductions during the year	(599,963)	(1,808,213)	
<b>Total</b>	<b>40,692,916</b>	<b>36,256,166</b>	
<b>Depreciation</b>			
As at the beginning of the year	20,587,251	18,208,169	
Charge for the year	4,455,217	4,044,520	
Deductions during the year	(499,016)	(1,665,438)	
Depreciation to date	24,543,452	20,587,251	
<b>Net Block</b>	<b>16,149,464</b>	<b>15,668,915</b>	
<b>III. CAPITAL WORK-IN-PROGRESS (including capital advances)</b>	<b>2,158,946</b>	<b>1,051,786</b>	
<b>Grand Total (I+II+III)</b>	<b>35,737,637</b>	<b>25,519,012</b>	

## Schedule 11 - Other Assets

	₹ in Thousands)	As at 31-03-2016	As at 31-03-2015
I. Inter-office adjustments (net)	-	-	-
II. Interest Accrued	44,459,222	41,799,771	
III. Tax paid in advance/tax deducted at source (net of provisions)	3,951,774	2,611,540	
IV. Stationery and stamps	8,291	10,081	
V. Non banking assets acquired in satisfaction of claims	-	-	
VI. Others #@	233,706,105	207,815,638	
<b>Total</b>	<b>282,125,392</b>	<b>252,237,030</b>	

# Includes deferred tax assets of ₹1,968.24 crores (previous year ₹1,894.44 crores) [Refer Schedule 18 (2.1.11)]

@ Includes Priority Sector Shortfall Deposits of ₹16,659.19 crores (previous year ₹14,792.62 crores)

## **SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2016 (CONT.)**

### **Schedule 12 - Contingent Liabilities**

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. Claims against the Group not acknowledged as debts	2,749,555	2,755,732
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange and derivative contracts:		
a) Forward Contracts	2,556,675,471	2,802,478,143
b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	1,806,278,486	1,641,749,576
c) Foreign Currency Options	429,005,192	238,438,623
<b>Total (a+b+c)</b>	<b>4,791,959,149</b>	<b>4,682,666,342</b>
IV. Guarantees given on behalf of constituents		
In India	558,340,064	582,793,361
Outside India	128,192,798	137,954,192
V. Acceptances, endorsements and other obligations	294,853,158	315,837,757
VI. Other items for which the Group is contingently liable	412,020,707	191,335,489
<b>Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.1.14)]</b>	<b>6,188,115,431</b>	<b>5,913,342,873</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2016

### Schedule 13 - Interest Earned

	(₹ in Thousands)	Year ended 31-03-2016	Year ended 31-03-2015
I. Interest/discount on advances/bills		304,101,900	260,839,861
II. Income on investments		94,258,541	84,760,823
III. Interest on balances with Reserve Bank of India and other inter-bank funds		2,962,541	2,320,169
IV. Others		12,769,513	9,353,712
<b>Total</b>		<b>414,092,495</b>	<b>357,274,565</b>

### Schedule 14 - Other Income

	(₹ in Thousands)	Year ended 31-03-2016	Year ended 31-03-2015
I. Commission, exchange and brokerage		74,095,775	66,073,242
II. Profit/(Loss) on sale of investments (net)		10,408,517	10,182,354
III. Profit/(Loss) on sale of fixed assets (net)		60,574	(36,500)
IV. Profit on exchange/derivative transactions (net)		12,757,306	9,842,668
V. Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India		-	-
VI. Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years ₹160.49 crores (previous year ₹169.86 crores) and net profit on account of portfolio sell downs/securitisation ₹6.12 crores (previous year ₹43.87 crores)]		2,227,588	2,319,380
<b>Total</b>		<b>99,549,760</b>	<b>88,381,144</b>

### Schedule 15 - Interest Expended

	(₹ in Thousands)	Year ended 31-03-2016	Year ended 31-03-2015
I. Interest on deposits		185,207,845	171,078,082
II. Interest on Reserve Bank of India/Inter-bank borrowings		20,919,676	15,407,390
III. Others		37,314,822	26,927,138
<b>Total</b>		<b>243,442,343</b>	<b>213,412,610</b>

### Schedule 16 - Operating Expenses

	(₹ in Thousands)	Year ended 31-03-2016	Year ended 31-03-2015
I. Payments to and provisions for employees		40,193,437	36,156,945
II. Rent, taxes and lighting		6,967,403	8,293,304
III. Printing and stationery		1,427,830	1,221,906
IV. Advertisement and publicity		935,725	969,690
V. Depreciation on Group's property		4,613,903	4,196,443
VI. Directors' fees, allowance and expenses		30,448	22,143
VII. Auditors' fees and expenses		25,212	22,565
VIII. Law charges		171,559	109,025
IX. Postage, telegrams, telephones etc.		2,712,249	3,180,171
X. Repairs and maintenance		7,361,263	7,531,626
XI. Insurance		4,160,907	3,669,537
XII. Other expenditure		37,513,774	30,725,977
<b>Total</b>		<b>106,113,710</b>	<b>96,099,332</b>

# SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March, 2016

## 1 Principles of Consolidation

The consolidated financial statements comprise the financial statements of Axis Bank Limited ('the Bank') and its subsidiaries, which together constitute 'the Group'.

The Bank consolidates its subsidiaries in accordance with AS-21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. All significant inter-company accounts and transactions are eliminated on consolidation. Further, the Bank accounts for investments in associates in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 using the equity method of accounting.

## 2 Basis of preparation

a) The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India to comply with the statutory requirements prescribed under the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

b) The consolidated financial statements present the accounts of Axis Bank Limited with its following subsidiaries and associates:

Name	Relation	Country of Incorporation	Ownership Interest
Axis Capital Ltd.	Subsidiary	India	100.00%
Axis Private Equity Ltd.	Subsidiary	India	100.00%
Axis Trustee Services Ltd.	Subsidiary	India	100.00%
Axis Mutual Fund Trustee Ltd.	Subsidiary	India	75.00%
Axis Asset Management Company Ltd.	Subsidiary	India	75.00%
Axis Finance Ltd.	Subsidiary	India	100.00%
Axis Securities Ltd.	Subsidiary	India	100.00%
Axis Bank UK Ltd.	Subsidiary	U.K.	100.00%
Axis Securities Europe Ltd. (see 'd' below)	Subsidiary	U.K.	100.00%

- c) The audited financial statements of the above subsidiaries have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2016.
- d) On 19 August, 2015, the Bank purchased entire stake in Axis Securities Europe Limited from Axis Capital Limited at a consideration of ₹19.02 crores thus making it a wholly owned subsidiary of the Bank.

## 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 at the date of the financial statements, revenues and expenses during the reporting period and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

## **4 Significant accounting policies**

### **4.1 Investments**

Axis Bank Ltd.

#### *Classification*

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

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

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

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

All other investments are classified as AFS securities.

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

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

#### *Transfer of security between categories*

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

#### *Acquisition cost*

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

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

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

#### *Valuation*

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

Investments classified under the AFS and HFT categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAL') 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. Non-performing investments are identified and provision is made thereon as per RBI guidelines. Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

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

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

## **SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

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

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

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

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

### *Repurchase and reverse repurchase transactions*

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

### *Short Sales*

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

### Subsidiaries

Investments are initially recognised at cost which comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Any reduction in the carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of such investments.

## 4.2 Advances

Axis Bank Ltd.

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of 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. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations.

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

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

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

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

The Bank makes provision in accordance with the RBI guidelines, on assets subjected to Strategic Debt Restructuring.

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

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

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

Axis Finance Ltd.

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI.

Non-performing loans are written off/provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Provision on Standard Assets i.e. loans and advances is made at 0.40%.

## **SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

### **4.3 Country risk**

Axis Bank Ltd.

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

### **4.4 Securitisation**

Axis Bank Ltd.

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate ('PTC') holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

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

### **4.5 Foreign currency transactions**

Axis Bank Ltd.

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

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

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

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

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

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

## Subsidiaries

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing rate on that date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined. The exchange differences, if any, either on settlement or translation are recognised in Profit and Loss Account.

### **4.6 Derivative transactions**

Axis Bank Ltd.

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

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

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

### **4.7 Revenue recognition**

Axis Bank Ltd.

Interest income is recognised on an accrual basis except interest income on non-performing assets, which is recognised on receipt in accordance with AS-9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines.

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

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

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

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

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

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

## **SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

### **Subsidiaries**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Fee income is recognised on the basis of accrual when all the services are performed.

Interest income is recognised on an accrual basis.

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

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

### **Axis Capital Limited**

Brokerage income in relation to stock broking activity is recognised as per contracted rates at the execution of transactions on behalf of the customers on a trade date basis. Gains/losses on dealing in securities are recognised on a trade date basis.

Revenue from issue management, loan syndication, financial advisory services is recognised based on the stage of completion of assignments and terms of agreement with the client.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds etc. are recorded on determination of the amount due to the Company, once the allotment of securities are completed.

### **Axis Trustee Services Limited**

Annual Fees for trusteeship services and servicing fees are recognised, on a straight line basis, over the period when services are performed. Initial acceptance fee is recognised as and when the 'Offer Letter' for the services to be rendered is accepted by the customer.

Advisory service fees on family office service are recognised as and when the services relating to the activities defined in the accepted offer letter are completed.

### **Axis Asset Management Company Limited**

Management fees are recognised on accrual basis at specific rates, applied on the average daily net assets of each scheme. The fees charged are in accordance with the terms of scheme information documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

Portfolio Management Fees are recognised on an accrual basis as per the terms of the contract with the customers.

Investment advisory fees-offshore are recognised on an accrual basis as per the terms of the contract.

### **Axis Mutual Fund Trustee Limited**

Trustee fee is recognised on accrual basis, at the specific rates/amount approved by the Board of Directors of the Company, within the limits specified under the Deed of Trust, and is applied on the net assets of each scheme of Axis Mutual Fund.

### **Axis Finance Limited**

Interest and other dues are accounted on accrual basis except in the case of non-performing loans where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

Income on discounted instruments is recognised over the tenure of the instrument on a straight-line method.

### **Axis Securities Limited**

Business sourcing and resource management fee is recognised on accrual basis when all the services are performed.

Income from Super Value Plan to the extent of account opening fees is recognised upfront and balance is amortised over the validity of plan.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds etc. are recorded on determination of the amount due to the company, once the allotment of securities are completed.

Brokerage income on securities is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date. Gains/losses on dealing in securities are recognised on trade date basis.

Depository fees are recognised on completion of the transaction.

Portfolio management fees are accounted on accrual basis as follows:

In case of fees based on fixed percentage of the corpus/fixed amount, income is accrued at the end of the quarter/month.

In case of fees, based on the returns of the portfolio, income is accounted on each anniversary as per the agreement.

#### **4.8 Scheme expenses**

Axis Asset Management Company Ltd.

Fund Expenses

Expenses of schemes of Axis Mutual Fund in excess of the stipulated limits as per SEBI (Mutual Fund) Regulations, 1996 and expenses incurred directly (inclusive of advertisement/brokerage expenses) on behalf of schemes of Axis Mutual Fund are charged to the Profit and Loss Account.

New fund offer expenses

Expenses relating to new fund offer of Axis Mutual Fund are charged to the Profit and Loss Account in the year in which they are incurred.

Brokerage

Clawbackable brokerages paid by the Company in advance is charged to the statement of Profit and Loss Account over the claw-back period/tenure of the respective scheme. The unamortised portion of the clawbackable brokerage is carried forward as prepaid expense.

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

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

Group

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

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

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

## SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

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

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

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

### 4.10 Lease transactions

#### Group

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

### 4.11 Retirement and other employee benefits

#### Provident Fund

Axis Bank Ltd.

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate.

#### Subsidiaries

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

#### Gratuity

Axis Bank Ltd.

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years

of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable.

#### Subsidiaries

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using Projected Unit Credit Method made at the end of each financial year.

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

#### Compensated Absences

##### Group

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

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

#### Superannuation

##### Axis Bank Ltd.

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

#### **4.12 Long Term Incentive Plan (LTIP)**

##### Axis Asset Management Company Ltd.

The Company has initiated Axis AMC - Long Term Incentive plan. The points granted to employees as per the guidelines laid down in the plan are encashable after they are held for a specified period as per the terms of the plan. The Company accounts for the liability arising on points granted proportionately over the period from the date of grant till the end of the exercise window. The liability is assessed and provided on the basis of valuation carried out by an independent valuer.

#### **4.13 Reward points**

##### Axis Bank Ltd.

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

#### **4.14 Taxation**

##### Group

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

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

## **SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

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

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

### **4.15 Share issue expenses**

Axis Bank Ltd.

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

### **4.16 Earnings per share**

Group

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

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

### **4.17 Employee stock option scheme**

Axis Bank Ltd.

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

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

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

Group

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

A disclosure of contingent liability is made when there is:

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

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

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

# NOTES

forming part of the consolidated financial statements for the year ended 31 March, 2016

(Currency: In Indian Rupees)

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

## 2 Other disclosures

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

For the year ended	31 March, 2016	31 March, 2015
Provision for income tax		
- Current tax	4,406.18	3,987.93
- Deferred tax (Refer 2.1.11)	(73.80)	(153.17)
	<b>4,332.38</b>	<b>3,834.76</b>
Provision for wealth tax	(0.05)	0.93
Provision for non-performing assets (including bad debts written off and write backs)	3,800.46	1,788.61
Provision for restructured assets/strategic debt restructuring	(61.78)	(81.88)
Provision towards standard assets	395.70	292.75
Provision for depreciation in value of investments	84.11	(50.98)
Provision for unhedged foreign currency exposure	1.62	133.66
Provision for other contingencies*	(501.40)	248.05
<b>Total</b>	<b>8,051.04</b>	<b>6,165.90</b>

\* includes contingent provision for advances/other exposures, legal cases and other contingencies.

2.1.2 During the year ended 31 March, 2016, the Bank raised subordinated debt of ₹1,500 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
30 September, 2025	120 months	8.50%	₹1,500 crores

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

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

During the year ended 31 March, 2016, the Bank redeemed subordinated debt of ₹370 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
22 March, 2016	120 months	8.75%	₹360 crores
22 March, 2016	120 months	8.56%	₹10 crores

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

2.1.3 The Bank has not raised any hybrid capital during the years ended 31 March, 2016 and 31 March, 2015.

#### 2.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March, 2016	31 March, 2015
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	8,349.67	7,447.90
Basic weighted average no. of shares (in crores)	237.73	235.98
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	1.30	2.53
Diluted weighted average no. of shares (in crores)	239.03	238.51
Basic EPS (₹)	35.12	31.56
Diluted EPS (₹)	34.93	31.23
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 13,010,331 (previous year 25,286,978) stock options.

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

In February 2001, pursuant to the approval of the shareholders at the Extraordinary General Meeting, the Bank approved an Employee Stock Option Scheme. Under the Scheme, the Bank is authorised to issue upto 65,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. Further, over the period June 2004 to July 2013, pursuant to the approval of the shareholders at Annual General Meetings, the Bank approved an ESOP scheme for additional options aggregating 175,087,000. The options vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 240,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is also authorised to issue options to employees and directors of the subsidiary companies.

231,975,450 options have been granted under the Scheme till the previous year ended 31 March, 2015.

On 29 April, 2015, the Bank granted 6,844,500 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/ subsidiary companies at a price of ₹535.00 per option.

On 10 September, 2015, the Bank granted 300,000 stock options (each option representing entitlement to one equity share of the Bank) to one of its Whole Time Directors at a price of ₹486.25 per option.

Stock option activity under the Scheme for the year ended 31 March, 2016 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	41,829,791	100.65 to 306.54	269.17	3.13
Granted during the year	7,144,500	486.25 to 535.00	532.95	-
Forfeited during the year	(970,750)	100.65 to 535.00	350.00	-
Expired during the year	(166,604)	100.65 to 289.51	218.92	-
Exercised during the year	(12,309,627)	100.65 to 306.54	248.05	-
Outstanding at the end of the year	35,527,310	217.33 to 535.00	327.56	3.33
Exercisable at the end of the year	19,856,810	217.33 to 306.54	268.07	1.74

The weighted average share price in respect of options exercised during the year was ₹495.51.

## NOTES (CONT.)

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

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

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

### Fair Value Methodology

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

	31 March, 2016	31 March, 2015
<b>Net Profit (as reported) (₹ in crores)</b>	8,349.67	7,447.90
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)	(103.06)	(90.26)
<b>Net Profit (Proforma) (₹ in crores)</b>	8,246.61	7,357.64
<b>Earnings per share: Basic (in ₹)</b>		
As reported	35.12	31.56
Proforma	34.69	31.18
<b>Earnings per share: Diluted (in ₹)</b>		
As reported	34.93	31.23
Proforma	34.51	30.87

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, 2016	31 March, 2015
Dividend yield	1.40%	1.32%
Expected life	2.57-4.57 years	2.57-4.57 years
Risk free interest rate	7.61% to 7.78%	8.62% to 8.78%
Volatility	34.85% to 36.51%	35.77% to 38.01%

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, 2016 is ₹178.22 (previous year ₹109.72).

### 2.1.6 Proposed Dividend

The Board of Directors, in their meeting held on 26 April, 2016 have proposed a final dividend of ₹5.00 per equity share amounting to ₹1,404.61 crore, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of corporate affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016 proposed dividend is not recognised as a liability as on 31 March, 2016. Accordingly, the balance of Reserves and Surplus is higher by ₹1,404.61 crores (including corporate dividend tax) and the balance of Other Liabilities is lower by an equivalent amount as on 31 March, 2016.

Appropriation to proposed dividend during the year ended 31 March, 2016 represents dividend of ₹2.81 crores (previous year ₹3.41 crores) paid pursuant to exercise of employee stock options after the previous year end but before the record date for declaration of dividend for the year ended 31 March, 2015.

### 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.BPBC.81/21.04.018/2006-07. The principal activities of these segments are as under:

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

Business segments in respect of operations of the subsidiaries have been identified and reported taking into account the customer profile, the nature of product and services and the organisation structure.

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

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

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

## NOTES (CONT.)

Segmental results are set out below:

	31 March, 2016				(₹ in crores)
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
<b>Segment Revenue</b>					
Gross interest income (external customers)	11,223.76	15,664.85	14,520.61	0.03	41,409.25
Other income	2,526.88	3,543.79	2,802.26	1,082.05	9,954.98
<b>Total income as per Profit and Loss Account</b>	<b>13,750.64</b>	<b>19,208.64</b>	<b>17,322.87</b>	<b>1,082.08</b>	<b>51,364.23</b>
Add/(less) inter segment interest income	46,475.49	4,816.81	16,769.97	-	68,062.27
<b>Total segment revenue</b>	<b>60,226.13</b>	<b>24,025.45</b>	<b>34,092.84</b>	<b>1,082.08</b>	<b>119,426.50</b>
Less: Interest expense (external customers)	11,581.63	688.24	12,074.37	-	24,344.24
Less: Inter segment interest expense	44,734.13	11,743.24	11,584.76	0.14	68,062.27
Less: Operating expenses	401.76	2,725.83	7,159.04	324.74	10,611.37
<b>Operating profit</b>	<b>3,508.61</b>	<b>8,868.14</b>	<b>3,274.67</b>	<b>757.20</b>	<b>16,408.62</b>
Less: Provision for non-performing assets/others*	189.97	3,014.39	514.29	-	3,718.65
<b>Segment result</b>	<b>3,318.64</b>	<b>5,853.75</b>	<b>2,760.38</b>	<b>757.20</b>	<b>12,689.97</b>
Less: Provision for tax					4,332.38
<b>Net Profit before minority interest and earnings from Associate</b>					<b>8,357.59</b>
Less: Minority Interest					7.92
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>8,349.67</b>
Segment assets	174,853.29	197,317.53	156,752.54	677.50	529,600.86
Unallocated assets					2,432.35
<b>Total assets</b>					<b>532,033.21</b>
Segment liabilities	171,790.45	93,135.46	213,406.72	84.98	478,417.61
Unallocated liabilities <sup>(1)</sup>					56.84
<b>Total liabilities</b>					<b>478,474.45</b>
<b>Net assets</b>	<b>3,062.84</b>	<b>104,182.07</b>	<b>(56,654.18)</b>	<b>592.52</b>	<b>53,558.76</b>
<b>Capital Expenditure for the year</b>	<b>60.37</b>	<b>418.83</b>	<b>874.63</b>	<b>29.84</b>	<b>1,383.67</b>
<b>Depreciation on fixed assets for the year</b>	<b>21.03</b>	<b>140.53</b>	<b>288.42</b>	<b>11.41</b>	<b>461.39</b>

(1) Includes minority interest of ₹39.05 crores

\* represents material non-cash items other than depreciation

(₹ in crores)

	31 March, 2015				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
<b>Segment Revenue</b>					
Gross interest income (external customers)	9,631.37	14,021.28	12,074.81	-	35,727.46
Other income	2,236.04	3,469.30	2,247.82	884.95	8,838.11
<b>Total income as per Profit and Loss Account</b>	<b>11,867.41</b>	<b>17,490.58</b>	<b>14,322.63</b>	<b>884.95</b>	<b>44,565.57</b>
Add/(less) inter segment interest income	39,936.35	4,209.43	14,070.80	-	58,216.58
<b>Total segment revenue</b>	<b>51,803.76</b>	<b>21,700.01</b>	<b>28,393.43</b>	<b>884.95</b>	<b>102,782.15</b>
Less: Interest expense (external customers)	10,296.55	545.78	10,498.93	-	21,341.26
Less: Inter segment interest expense	38,016.17	10,505.60	9,694.81	-	58,216.58
Less: Operating expenses	393.23	2,447.12	6,536.18	233.40	9,609.93
<b>Operating profit</b>	<b>3,097.81</b>	<b>8,201.51</b>	<b>1,663.51</b>	<b>651.55</b>	<b>13,614.38</b>
Less: Provision for non-performing assets/others*	13.36	1,861.60	455.25	0.93	2,331.14
<b>Segment result</b>	<b>3,084.45</b>	<b>6,339.91</b>	<b>1,208.26</b>	<b>650.62</b>	<b>11,283.24</b>
Less: Provision for tax					3,834.76
<b>Net Profit before minority interest and earnings from Associate</b>					<b>7,448.48</b>
Less: Minority Interest					1.94
Add: Share of Profit in Associate					1.36
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>7,447.90</b>
Segment assets	170,594.43	165,774.84	127,984.63	655.52	465,009.42
Unallocated assets					2,233.55
<b>Total assets</b>					<b>467,242.97</b>
Segment liabilities	155,708.13	80,846.22	184,273.04	98.02	420,925.41
Unallocated liabilities <sup>(1)</sup>					1,367.97
<b>Total liabilities</b>					<b>422,293.38</b>
<b>Net assets</b>	<b>14,886.30</b>	<b>84,928.62</b>	<b>(56,288.41)</b>	<b>557.50</b>	<b>44,949.59</b>
<b>Capital Expenditure for the year</b>	<b>13.31</b>	<b>161.16</b>	<b>350.08</b>	<b>10.45</b>	<b>535.00</b>
<b>Depreciation on fixed assets for the year</b>	<b>11.30</b>	<b>127.77</b>	<b>273.28</b>	<b>7.29</b>	<b>419.64</b>

(1) Includes minority interest of ₹31.14 crores

\* represents material non-cash items other than depreciation

**Geographic Segments**

(₹ in crores)

	Domestic		International		Total
	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015	
Revenue	48,466.41	41,868.17	2,897.82	2,697.40	51,364.23
Assets	474,750.57	415,884.38	57,282.64	51,358.59	532,033.21
Capital Expenditure for the year	1,378.32	532.65	5.35	2.35	1,383.67
Depreciation on fixed assets for the year	452.92	411.61	8.47	8.03	461.39

## **NOTES (CONT.)**

### 2.1.8 Related party disclosure

The related parties of the Group are broadly classified as:

#### a) Promoters

The Bank has identified the following entities as its Promoters.

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

#### b) Key Management Personnel

- Mrs. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. V. Srinivasan (Deputy Managing Director)
- Mr. Sanjeev K. Gupta [Executive Director (Corporate Centre) upto 18 March, 2016]

#### 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. Gayathri Srinivasan, Mrs. Vanjulam Varadarajan, Mr. V. Satish, Mrs. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Mr. S. Narayanan, Mrs. Poonam Gupta, Mr. Somya Gupta, Mr. Shubham Gupta, Mr. Rajeev Agarwal and Mr. Deepak Kumar Gupta.

The significant transactions between the Bank and related parties during the year ended 31 March, 2016 and 31 March, 2015 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

- Dividend paid: Administrator of The Specified Undertaking of the Unit Trust of India ₹126.43 crores (previous year ₹109.94 crores), Life Insurance Corporation of India ₹130.91 crores (previous year ₹127.35 crores)
- Interest paid: Administrator of The Specified Undertaking of the Unit Trust of India ₹70.97 crores (previous year ₹41.75 crores) and Life Insurance Corporation of India ₹530.85 crores (previous year ₹744.04 crores)
- Interest received: Life Insurance Corporation of India ₹0.37 crores (previous year ₹0.04 crores) and New India Assurance Company Ltd. ₹0.01 crores (previous year ₹0.01 crores)
- Investment of related party in bonds of the Bank: Life Insurance Corporation of India Nil (previous year ₹500.00 crores)
- Investment of related party in the Bank: Mrs. Shikha Sharma ₹16.08 crores (previous year ₹22.65 crores), Mr. V. Srinivasan ₹11.52 crores (previous year ₹6.81 crores) and Mr. Sanjeev K. Gupta ₹11.43 crores (previous year ₹3.25 crores)
- Redemption of subordinated debt: Life Insurance Corporation of India ₹50.00 crores (previous year Nil)
- Sale of Investments: General Insurance Corporation of India ₹195.00 crores (previous year ₹211.06 crores), New India Assurance Company Ltd. Nil (previous year ₹50.00 crores), National Insurance Company Ltd. ₹80.12 crores (previous year ₹222.34 crores), United India Insurance Company Ltd. ₹50.00 crores (previous year ₹120.02 crores)

- Management Contracts: Mrs. Shikha Sharma ₹5.37 crores (previous year ₹4.18 crores), Mr. V. Srinivasan ₹3.39 crores (previous year ₹2.46 crores) and Mr. Sanjeev K. Gupta ₹4.41 crores (previous year ₹0.84 crores)
- Contribution to employee benefit fund: Life Insurance Corporation of India ₹15.67 crores (previous year ₹16.04 crores)
- Placement of Deposit by the Bank: Life Insurance Corporation of India ₹0.08 crores (previous year ₹0.14 crores)
- Non-funded commitments (net): Life Insurance Corporation of India Nil (previous year ₹0.01 crores) and National Insurance Company Ltd. ₹0.07 crores (previous year Nil)
- Advance granted (net): Life Insurance Corporation of India Ltd. ₹1.05 crores (previous year ₹0.04 crores)
- Advance repaid: Mrs. Shikha Sharma ₹0.04 crores (previous year ₹0.04 crores) and Mr. Sanjeev K. Gupta ₹0.62 crores (previous year ₹0.03 crores)
- Receiving of services: Oriental Insurance Company Ltd. ₹57.88 crores (previous year ₹61.47 crores), New India Assurance Company Ltd. ₹14.39 crores (previous year ₹8.28 crores)
- Rendering of services: Life Insurance Corporation of India ₹2.03 crores (previous year ₹1.81 crores), Oriental Insurance Company Ltd. ₹0.47 crores (previous year ₹0.06 crores) and New India Assurance Company Ltd. ₹0.26 crores (previous year ₹0.31 crores)
- Other reimbursement to related party: Life Insurance Corporation of India ₹0.40 crores (previous year ₹0.37 crores)

The details of transactions of the Bank with its related parties during the year ended 31 March, 2016 are given below:

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	299.18	0.40	-	<b>299.58</b>
Interest paid	644.89	0.07	0.32	<b>645.28</b>
Interest received	0.38	0.03	-	<b>0.41</b>
Investment of related party in the Bank	-	39.03	-	<b>39.03</b>
Redemption of Subordinated Debt	50.00	-	-	<b>50.00</b>
Purchase of investments	-	-	-	-
Sale of investments	325.12	-	-	<b>325.12</b>
Management contracts	-	13.18	-	<b>13.18</b>
Contribution to employee benefit fund	15.67	-	-	<b>15.67</b>
Purchase of fixed assets	-	-	-	-
Sale of fixed assets	-	-	-	-
Placement of deposits	0.08	-	-	<b>0.08</b>
Non-funded commitments (net)	0.05	-	-	<b>0.05</b>
Advance granted (net)	1.05	-	-	<b>1.05</b>
Advance repaid	-	0.66	-	<b>0.66</b>
Receiving of services	79.24	-	-	<b>79.24</b>
Rendering of services	2.76	0.03	-	<b>2.79</b>
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.40	-	-	<b>0.40</b>

## NOTES (CONT.)

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2016 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	7,839.14	1.03	1.97	7,842.14
Placement of deposits	0.38	-	-	0.38
Advances	12.89	0.37	0.03	13.29
Investment of related party in the Bank	141.68	0.28	-	141.96
Non-funded commitments	3.17	-	-	3.17
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,320.00	-	-	3,320.00
Payable under management contracts	-	1.37	-	1.37
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2016 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	12,103.47	9.76	10.21	12,123.44
Placement of deposits	0.41	-	-	0.41
Advances	19.91	0.99	0.09	20.99
Investment of related party in the Bank	143.43	0.28	-	143.71
Non-funded commitments	3.19	-	-	3.19
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	3,370.00
Payable under management contracts	-	1.64	-	1.64
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

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

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	275.28	0.28	-	275.56
Interest paid	810.09	0.30	0.28	810.67
Interest received	0.05	0.12	-	0.17
Investment of related party in the Bank	-	39.74	-	39.74
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	550.00	-	-	550.00
Redemption of Subordinated Debt	-	-	-	-
Purchase of investments	-	-	-	-
Sale of investments	658.93	-	-	658.93
Management contracts	-	11.99	-	11.99
Contribution to employee benefit fund	16.04	-	-	16.04
Purchase of fixed assets	-	-	-	-
Sale of fixed assets	-	-	-	-
Placement of deposits	0.14	-	-	0.14
Non-funded commitments (net)	0.08	-	-	0.08
Advance granted (net)	0.04	-	-	0.04
Advance repaid	-	0.23	-	0.23
Receiving of services	78.43	-	-	78.43
Rendering of services	2.18	-	-	2.18
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.37	-	-	0.37

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

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	8,347.06	1.78	4.52	8,353.36
Placement of deposits	0.30	-	-	0.30
Advances	1.02	0.77	0.02	1.81
Investment of related party in the Bank	132.42	0.17	-	132.59
Non-funded commitments	3.12	-	-	3.12
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	3,370.00
Payable under management contracts	-	0.90	-	0.90
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

## NOTES (CONT.)

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

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total	(₹ in crores)
Borrowings from the Bank	-	-	-	-	-
Deposits with the Bank	13,937.88	15.50	6.61	13,959.99	
Placement of deposits	0.30	-	-	0.30	
Advances	50.43	1.61	-	52.04	
Investment of related party in the Bank	138.78	0.17	-	138.95	
Non-funded commitments	3.13	-	-	3.13	
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	3,370.00	
Payable under management contracts	-	0.90	-	0.90	
Other receivables (net)	-	-	-	-	
Other payables (net)	-	-	-	-	

### 2.1.9 Leases

Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, electronic data capturing machines and IT equipment.

	31 March, 2016	31 March, 2015	(₹ in crores)
Future lease rentals payable as at the end of the year:			
- Not later than one year	672.00	630.57	
- Later than one year and not later than five years	2,136.83	2,003.87	
- Later than five years	1,280.66	997.41	
Total of minimum lease payments recognised in the Profit and Loss Account for the year	511.36	667.43	

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

There are generally no undue restrictions or onerous clauses in the agreements.

### 2.1.10 Other Fixed Assets (including furniture & fixtures)

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

Particulars	31 March, 2016	31 March, 2015	(₹ in crores)
At cost at the beginning of the year	741.94	610.08	
Additions during the year	148.17	132.03	
Deductions during the year	(2.97)	(0.16)	
Accumulated depreciation as at 31 March	(582.79)	(478.13)	
<b>Closing balance as at 31 March</b>	<b>304.35</b>	<b>263.82</b>	
Depreciation charge for the year	107.57	86.47	

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

	(₹ in crores)	
<b>As at</b>	<b>31 March, 2016</b>	<b>31 March, 2015</b>
Deferred tax assets on account of provisions for doubtful debts	1,715.49	1,385.48
Deferred tax assets on account of amortisation of HTM investments	26.33	37.70
Deferred tax assets on account of provision for employee benefits	74.25	75.99
Deferred tax assets on account of other items	327.50	441.19
<b>Deferred tax assets</b>	<b>2,143.57</b>	<b>1,940.36</b>
Deferred tax liability on account of depreciation on fixed assets	48.64	45.90
Deferred tax liabilities on account of other items	126.69	0.02
<b>Deferred tax liabilities</b>	<b>175.33</b>	<b>45.92</b>
<b>Net deferred tax asset</b>	<b>1,968.24</b>	<b>1,894.44</b>

2.1.12 Employee Benefits

Group

#### Provident Fund

The contribution to the employee's provident fund (including Employee Pension Scheme) of the Group amounted to ₹130.35 crores for the year ended 31 March, 2016 (previous year ₹118.57 crores).

Axis Bank Ltd.

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date for the Bank.

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

#### Profit and Loss Account

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

	(₹ in crores)	
	<b>31 March, 2016</b>	<b>31 March, 2015</b>
Current Service Cost	65.55	67.98
Interest on Defined Benefit Obligation	99.45	95.04
Expected Return on Plan Assets	(117.69)	(97.25)
Net Actuarial Losses/(Gains) recognised in the year	18.25	2.21
<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>	<b>65.56</b>	<b>67.98</b>
Actual Return on Plan Assets	99.04	93.26

#### Balance Sheet

Details of provision for provident fund

	(₹ in crores)	
	<b>31 March, 2016</b>	<b>31 March, 2015</b>
Fair Value of Plan Assets	1,437.90	1,240.83
Present Value of Funded Obligations	(1,437.90)	(1,240.83)
<b>Net Asset</b>	<b>-</b>	<b>-</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	-	-
Assets	-	-
<b>Net Asset (included under Schedule 11 – Other Assets)</b>	<b>-</b>	<b>-</b>

## NOTES (CONT.)

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

	(₹ in crores)	
	31 March, 2016	31 March, 2015
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	1,240.83	1,013.25
Current Service Cost	65.55	67.98
Interest Cost	99.45	95.04
Actuarial Losses/(Gains)	12.08	(1.78)
Employees Contribution	160.81	152.02
Liability transferred from/to other companies	(11.96)	0.71
Benefits Paid	(128.86)	(86.39)
<b>Closing Defined Benefit Obligation</b>	<b>1,437.90</b>	<b>1,240.83</b>

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

	(₹ in crores)	
	31 March, 2016	31 March, 2015
<b>Change in the Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	1,240.83	1,013.25
Expected Return on Plan Assets	117.69	97.25
Actuarial Gains/(Losses)	(6.16)	(3.99)
Employer contribution during the period	65.55	67.98
Employee contribution during the period	160.81	152.02
Assets transferred from/to other companies	(11.96)	0.71
Benefits Paid	(128.86)	(86.39)
<b>Closing Fair Value of Plan Assets</b>	<b>1,437.90</b>	<b>1,240.83</b>

Experience adjustments\*

	(₹ in crores)		
	31 March, 2016	31 March, 2015	31 March, 2014
Defined Benefit Obligations	1,437.90	1,240.83	1,013.25
Plan Assets	1,437.90	1,240.83	1,013.25
Surplus/(Deficit)	-	-	-
Experience Adjustments on Plan Liabilities	12.08	(1.78)	53.03
Experience Adjustments on Plan Assets	(6.16)	(3.99)	41.42

\* information provided to the extent available with the Bank

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

	31 March, 2016 %	31 March, 2015 %
Government securities	53.04	52.84
Bonds, debentures and other fixed income instruments	30.74	30.13
Equity shares	-	12.15
Others	16.22	4.88

Principal actuarial assumptions at the balance sheet date:

	31 March, 2016	31 March, 2015
Discount rate for the term of the obligation	7.95%	8.00%
Average historic yield on the investment portfolio	9.01%	9.01%
Discount rate for the remaining term to maturity of the investment portfolio	7.94%	7.89%
Expected investment return	9.02%	9.12%
Guaranteed rate of return	8.75%	8.75%

### Superannuation

The Bank contributed ₹15.61 crores to the employee's superannuation plan for the year ended 31 March, 2016 (previous year ₹15.99 crores).

Group

### Leave Encashment

The actuarial liability of compensated absences of accumulated privileged leave of the employees of the Group is given below:

	(₹ in crores)				
	As at 31 March, 2016				
	Axis Bank Ltd.	Axis Capital Ltd.	Axis Securities Ltd.	Axis Asset Management Company Ltd.	Axis Finance Ltd.
Actuarial liability – Privilege Leave	209.10	0.11	0.17	0.41	0.13
<b>Total Expense included under Schedule 16 (I)</b>	<b>16.71</b>	-*	(0.27)	0.12	0.09

### Assumptions

Discount rate	7.95% p.a.	7.85% p.a.	7.20% p.a.	8.00% p.a.	7.96% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.	7.00% p.a.	9.00% p.a.	7.00% p.a.

\*less than ₹50,000

	(₹ in crores)				
	As at 31 March, 2015				
	Axis Bank Ltd.	Axis Capital Ltd.	Axis Securities Ltd.	Axis Asset Management Company Ltd.	Axis Finance Ltd.
Actuarial liability – Privilege Leave	210.76	0.11	0.09	0.31	0.10
<b>Total Expense included under Schedule 16 (I)</b>	<b>66.35</b>	-*	0.61	0.31	0.07

### Assumptions

Discount rate	8.00% p.a.	7.92% p.a.	8.25% p.a.	7.76% p.a.	7.95% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.	7.00% p.a.	9.00% p.a.	7.00% p.a.

\*less than ₹50,000

## NOTES (CONT.)

Group

### Gratuity

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

#### Profit and Loss Account

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

	31 March, 2016	31 March, 2015	(₹ in crores)
Current Service Cost	31.68	26.19	
Interest on Defined Benefit Obligation	18.94	16.69	
Expected Return on Plan Assets	(16.42)	(12.56)	
Net Actuarial Losses/(Gains) recognised in the year	9.51	20.56	
Past Service Cost	-	-	
<b>Total included in "Employee Benefit Expense" [Schedule 16(l)]</b>	<b>43.71</b>	<b>50.88</b>	
Actual Return on Plan Assets	11.14	13.87	

#### Balance Sheet

Details of provision for gratuity

	31 March, 2016	31 March, 2015	(₹ in crores)
Present Value of Funded Obligations	(244.85)	(218.42)	
Present Value of un-funded Obligations	(1.99)	(1.53)	
Fair Value of Plan Assets	243.00	219.26	
<b>Net (Liability)/Asset</b>	<b>(3.84)</b>	<b>(0.69)</b>	
<b>Amounts in Balance Sheet</b>			
Liabilities (included under Schedule 5 – Other Liabilities)	(3.85)	(3.22)	
Assets (included under Schedule 11 – Other Assets)	0.01	2.53	
<b>Net (Liability)/Asset</b>	<b>(3.84)</b>	<b>(0.69)</b>	

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

	31 March, 2016	31 March, 2015	(₹ in crores)
<b>Change in Defined Benefit Obligation</b>			
Opening Defined Benefit Obligation	219.95	168.99	
Current Service Cost	31.68	26.19	
Interest Cost	18.94	16.69	
Actuarial Losses/(Gains)	4.23	21.17	
Past Service Cost	-	-	
Liabilities transferred in	-	-	
Benefits Paid	(27.96)	(13.09)	
<b>Closing Defined Benefit Obligation</b>	<b>246.84</b>	<b>219.95</b>	

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

	(₹ in crores)	
	31 March, 2016	31 March, 2015
<b>Opening Fair Value of Plan Assets</b>	219.26	171.76
Expected Return on Plan Assets	16.42	12.56
Actuarial Gains/(Losses)	(5.28)	0.61
Contributions by Employer	40.38	47.31
Benefits Paid	(27.78)	(12.98)
<b>Closing Fair Value of Plan Assets</b>	<b>243.00</b>	<b>219.26</b>

Experience adjustments

	(₹ in crores)				
	31 March, 2016	31 March, 2015	31 March, 2014	31 March, 2013	31 March, 2012
Defined Benefit Obligations	246.84	219.95	168.99	147.25	94.82
Plan Assets	243.00	219.26	171.76	152.17	98.21
Surplus/(Deficit)	(3.84)	(0.69)	2.77	4.92	3.39
Experience Adjustments on Plan Liabilities	2.98	0.76	7.45	4.66	27.31
Experience Adjustments on Plan Assets	(5.28)	1.39	2.30	2.07	0.48

Axis Bank Ltd.

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

	31 March, 2016 %	31 March, 2015 %
Government securities	49.15	39.17
Bonds, debentures and other fixed income instruments	39.34	41.35
Money market instruments	5.69	6.37
Equity shares	2.62	1.18
Others	3.20	11.93

Principal actuarial assumptions at the balance sheet date:

	31 March, 2016	31 March, 2015
Discount Rate	7.95% p.a.	8.00% p.a.
Expected rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- 21 to 30 (age in years)	19.00%	19.00%
- 31 to 44 (age in years)	8.00%	8.00%
- 45 to 59 (age in years)	4.00%	4.00%

The estimates of future salary increases considered 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.

## NOTES (CONT.)

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

Axis Capital Ltd.

	31 March, 2016	31 March, 2015
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, 2016	31 March, 2015
<b>Principal actuarial assumptions at the balance sheet date:</b>		
Discount Rate	7.85% p.a.	7.92% p.a.
Expected rate of Return on Plan Assets	7.85% p.a.	7.92% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	7.00%	7.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The Company expects to contribute ₹0.26 crores as gratuity in the year 2016-17 (previous year ₹0.89 crores).

Axis Asset Management Company Ltd.

	31 March, 2016	31 March, 2015
<b>Principal actuarial assumptions at the balance sheet date:</b>		
Discount Rate	8.00% p.a.	7.76% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	9.00% p.a.	9.00% p.a.
Employee Turnover	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Axis Securities Ltd.

	31 March, 2016	31 March, 2015
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, 2016	31 March, 2015
<b>Principal actuarial assumptions at the balance sheet date:</b>		
Discount Rate	7.20% p.a.	8.25% p.a.
Expected rate of Return on Plan Assets	7.20% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	7.00%	7.00%

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

The Company expects to contribute ₹1.00 crore as gratuity in the year 2016-17 (previous year ₹1.00 crores).

Axis Finance Ltd.

	31 March, 2016	31 March, 2015
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, 2016	31 March, 2015
<b>Principal actuarial assumptions at the balance sheet date:</b>		
Discount Rate	7.96% p.a.	7.97% p.a.
Expected rate of Return on Plan Assets	7.96% p.a.	7.97% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Axis Trustee Services Ltd.

	31 March, 2016	31 March, 2015
<b>Principal actuarial assumptions at the balance sheet date:</b>		
Discount Rate	7.38% p.a.	7.90% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	15.00% p.a.	15.00% p.a.
Employee Turnover	30.00%	20.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

#### 2.1.13 Provisions and contingencies

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

	(₹ in crores)	31 March, 2016	31 March, 2015
Opening balance at the beginning of the year		24.80	14.06
Additions during the year		15.78	11.27
Reductions on account of payments during the year		-	(0.23)
Reductions on account of reversals during the year		(0.76)	(0.30)
<b>Closing balance at the end of the year</b>		<b>39.82</b>	<b>24.80</b>

## NOTES (CONT.)

- b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Opening provision at the beginning of the year	83.19	85.31
Provision made during the year	62.14	8.39
Reductions during the year	(17.95)	(10.51)
<b>Closing provision at the end of the year</b>	<b>127.38</b>	<b>83.19</b>

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

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Opening provision at the beginning of the year	1,058.68	821.61
Provision made during the year	1,342.21	824.50
Reductions during the year	(1,861.80)	(587.43)
<b>Closing provision at the end of the year</b>	<b>539.09</b>	<b>1,058.68</b>

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

### 2.1.14 Description of contingent liabilities

- a) Claims against the Group not acknowledged as debts

These represent claims filed against the Group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Group. Apart from claims assessed as possible, the Group holds provision of ₹26.00 crores as on 31 March, 2016 (previous year ₹27.13 crores) towards claims assessed as probable.

- b) Liability on account of forward exchange and derivative contracts

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

c) Guarantees given on behalf of constituents

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

d) Acceptances, endorsements and other obligations

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

e) Other items for which the Group is contingently liable

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Group and the amount transferred to Depositor Education and Awareness Fund (DEAF).

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

#### 2.1.15 Comparative Figures

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

**For Axis Bank Ltd.**

**Sanjiv Misra**  
Chairman

**V. R. Kaundinya**  
Director

**Samir K. Barua**  
Director

**S. Vishvanathan**  
Director

**Rakesh Makhiya**  
Director

**Shikha Sharma**  
Managing Director & CEO

Date : 26 April, 2016  
Place: Mumbai

**Girish V. Koliyote**  
Company Secretary

**Jairam Sridharan**  
Chief Financial Officer

**V. Srinivasan**  
Deputy Managing Director

# FORM AOC 1

Statement pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

## Part "A": Subsidiaries

(₹ in crores)

As on/For the year ended 31 March, 2016

	Axis Capital Ltd.	Axis Private Equity Ltd.	Axis Trustee Services	Axis Mutual Fund	Axis Management Company Ltd.	Axis UK Ltd. <sup>@</sup>	Axis Finance Ltd.	Axis Securities Ltd.	Axis Securities Europe Ltd. <sup>#</sup>
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.	N.A.	N.A.	USD	N.A.	N.A.	GBP
						(US\$ 1 = ₹66.2550)			(GBP 1 = ₹95.4725)
Share capital	73.50	1.50	1.50	0.05	210.11	364.40	368.25	144.50	9.55
Reserves & surplus	286.30	3.87	51.09	0.18	(54.11)	73.93	357.24	52.65	8.12
Total assets (Fixed Assets + Investments + Other Assets)	631.42	5.42	63.87	0.30	289.19	4,383.06	3,368.04	315.77	17.79
Total liabilities (Deposits + Borrowings + Other Liabilities + Provision)	271.62	0.05	11.28	0.07	133.19	3,944.73	2,642.55	118.62	0.12
Investments	-	-	-	0.23	33.22	874.49	241.18	-	-
Turnover (Total Income)	354.13	0.42	36.50	0.37	380.54	139.29	372.99	561.89	-
Profit/(Loss) before taxation	191.10	(0.62)	27.81	0.05	31.64	46.97	169.90	54.87	(0.15)
Provision for taxation	63.52	0.24	9.80	0.02	-	10.40	59.13	19.19	-
Profit/(Loss) after taxation	127.58	(0.86)	18.01	0.03	31.64	36.57	110.77	35.68	(0.15)
Proposed Dividend and tax (including cess thereon)	61.92	-	14.89	-	-	-	-	-	-
% of shareholding	100%	100%	100%	75%	75%	100%	100%	100%	100%

The audited financial statements of the above subsidiaries have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2016.

@ Asset/Liability items are stated in INR equivalent of USD (\$1 = ₹66.2550 as on 31 March, 2016). Profit and Loss items reported in INR based on rates prevailing on the date of transactions.

# Amount in INR equivalent of GBP (£1 = ₹95.4725 as on 31 March, 2016)

1. Names of subsidiaries which are yet to commence operations: **Not Applicable**
2. Names of subsidiaries which have been liquidated or sold during the year: **Not Applicable**

## Part "B": Associates and Joint Ventures - Not Applicable

# DISCLOSURES UNDER BASEL III

Capital Regulations (Consolidated) for the year ended 31 March, 2016

## I. SCOPE OF APPLICATION AND CAPITAL ADEQUACY

### **Name of the head of the banking group to which the framework applies: Axis Bank Limited**

Axis Bank Limited (the 'Bank') is a commercial bank, which was incorporated on the 3 December, 1993. The Bank is the controlling entity for all group entities. The consolidated financial statements of the Bank comprise the financial statements of Axis Bank Limited and its subsidiaries that together constitute the 'Group'. The Bank consolidates its subsidiaries in accordance with Accounting Standard 21 (AS-21) 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure.

#### **(i) Qualitative Disclosures**

The list of group entities considered for consolidation is given below:

Name of the Entity/Country of Incorporation	Included under Accounting Scope of Consolidation	Method of Consolidation	Included under Regulatory Scope of Consolidation	Method of Consolidation	Reasons for difference in the Method of Consolidation	Reasons, if Consolidated under only one of the Scopes of Consolidation
Axis Asset Management Company Limited/India	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	NA	NA
Axis Bank UK Limited/UK	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	NA	NA
Axis Capital Limited/India	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	NA	NA
Axis Finance Limited/India	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	NA	NA
Axis Mutual Fund Trustee Limited/India	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	NA	NA
Axis Private Equity Limited/India	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	NA	NA
Axis Securities Limited/India	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	NA	NA
Axis Trustee Services Limited/India	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	NA	NA
Axis Securities Europe Limited/UK	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	NA	NA

\* NA – Not Applicable

There are no group entities that are not considered for consolidation under both the accounting scope of consolidation and regulatory scope of consolidation.

## DISCLOSURES UNDER BASEL III (CONT.)

### (ii) Quantitative Disclosures

The list of group entities considered for consolidation as on 31 March, 2016 is given below:

Name of the Entity/Country of Incorporation	Principal Activity of the Entity	Total Balance Sheet Equity*	Total Balance Sheet Assets (Amt. in millions)
Axis Asset Management Company Limited/India	Asset Management company for Axis Mutual Fund	₹2,101	₹2,892
Axis Bank UK Limited/UK	Retail Banking, Corporate Banking, Commercial Banking and Treasury Services	₹3,644 (USD 55)	₹43,831 (USD 662)
Axis Capital Limited/India	Merchant Banking, Institutional Broking and Investment Banking Business	₹735	₹6,314
Axis Finance Limited/India	Non-Banking Financial activities	₹3,683	₹33,680
Axis Mutual Fund Trustee Limited/India	Trustee company for Axis Mutual Fund	₹1	₹3
Axis Private Equity Limited/India	Managing investments, venture capital funds and off-shore funds	₹15	₹54
Axis Securities Limited/India	Marketing of Retail Asset Products, Credit Cards and Retail Broking	₹1,445	₹3,158
Axis Trustee Services Limited/India	Trusteeship services	₹15	₹639
Axis Securities Europe Limited/UK	To advise and arranging deals in investments	₹95 (GBP 1)	₹178 (GBP 2)

\* Paid up Equity Capital

Notes:

There is no capital deficiency in any subsidiary, which is not included in the regulatory scope of consolidation.

As on 31 March, 2016, the Bank does not have controlling interest in any insurance entity.

There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

## II. CAPITAL ADEQUACY

The Bank is subject to the capital adequacy guidelines stipulated by RBI, which are based on the framework of the Basel Committee on Banking Supervision. As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier 1 (CET1) of 5.5% (8% including CCB) as on 31 March, 2019. These guidelines on Basel III have been implemented on 1 April, 2013 in a phased manner. The minimum capital required to be maintained by the Bank for the year ended 31 March, 2016 is 9.625% with minimum Common Equity Tier 1 (CET1) of 6.125% (including CCB of 0.625%)

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, 2016 is presented below:

Progress on...



(₹ in millions)

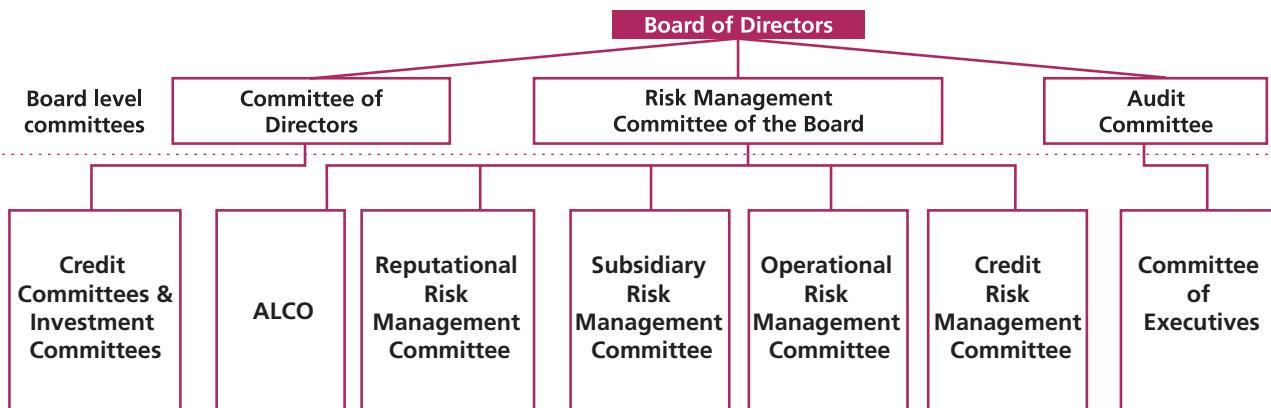
	Amount
<b>Capital Requirements for various Risks</b>	
<b>CREDIT RISK</b>	
Capital requirements for Credit Risk	
- Portfolios subject to standardised approach	311,280
- Securitisation exposures	-
<b>MARKET RISK</b>	
Capital requirements for Market Risk	
- Standardised duration approach	27,106
- Interest rate risk	23,522
- Foreign exchange risk (including gold)	751
- Equity risk	2,833
<b>OPERATIONAL RISK</b>	
Capital requirements for Operational risk	
- Basic indicator approach	32,874
<b>Capital Adequacy Ratios</b>	
Common Equity Tier – 1 CRAR	12.56%
Tier – 1 CRAR	12.62%
<b>Total CRAR</b>	<b>15.41%</b>
	<b>15.29%</b>

### III. RISK MANAGEMENT: OBJECTIVES AND ORGANISATION STRUCTURE

The wide variety of businesses undertaken by the Bank requires it to identify, measure, control, monitor and report risks effectively. The key components of the Bank's risk management rely on the risk governance architecture, comprehensive processes and internal control mechanism based on approved policies and guidelines. The Bank's risk governance architecture focuses on the key areas of risk such as credit, market (including liquidity) and operational risk and quantification of these risks, wherever possible, for effective and continuous monitoring and control.

#### Objectives and Policies

The Bank's risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors. The Board sets the overall risk appetite and philosophy for the Bank. The Committee of Directors, the Risk Management Committee and the Audit Committee of the Board, which are sub-committees of the Board, review various aspects of risk arising from the businesses of the Bank. Various senior management committees operate within the broad policy framework as illustrated below:



## **DISCLOSURES UNDER BASEL III (CONT.)**

The Bank has put in place policies relating to management of credit risk, market risk, operational risk, reputation risk, subsidiary risk and asset-liability both for the domestic as well as overseas operations along with overseas subsidiaries as per the respective host regulatory requirements and business needs. The overseas policies are drawn based on the risk perceptions of these economies and the Bank's risk appetite.

The Bank has formulated a comprehensive Stress Testing Policy to measure impact of adverse stress scenarios on the adequacy of capital. The stress scenarios are idiosyncratic, market wide and a combination of both.

### **Structure and Organisation**

The Chief Risk Officer reports to the Managing Director and CEO and the Risk Management Committee of the Board oversees the functioning of the Department. The Department has separate teams for individual components of risk i.e. Credit Risk, Market Risk (including Treasury Mid Office), Operational Risk, Enterprise Risk, Risk Analytics, Risk Data Management, Information Security Risk and Enterprise Governance Risk and Compliance (EGRC). These teams report to the Chief Risk Officer.

## **IV. CREDIT RISK**

Credit risk refers to the deterioration in the credit quality of the borrower or the counter-party adversely impacting the financial performance of the Bank. The losses incurred by the Bank in a credit transaction could be due to inability or wilful default of the borrower in honouring the financial commitments to the Bank. The Bank is exposed to credit risk through lending and capital market activities.

### **Credit Risk Management Policy**

The Board of Directors establishes parameters for risk appetite which are defined through strategic businesses plan as well as the Corporate Credit Policy. Credit Risk Management Policy lays down the roles and responsibilities, risk appetite, key processes and reporting framework. Corporate credit is managed through rating of borrowers and the transaction, thorough due diligence through an appraisal process alongside risk vetting of individual exposures at origination and thorough periodic review (including portfolio review) after sanctioning. Retail credit to individuals and small business is managed through definition of product criteria, appropriate credit filters and subsequent portfolio monitoring.

### **Credit Rating System**

The foundation of credit risk management rests on the internal rating system. Rating linked single borrower exposure norms, delegation of powers and review frequency have been adopted by the Bank. The Bank has developed rating tools specific to market segments such as large and mid-corporates, SME, financial companies, microfinance companies and project finance to objectively assess underlying risk associated with such exposures.

The credit rating model uses a combination of quantitative and qualitative inputs to arrive at a 'point-in-time' view of the risk profile of counterparty. Each internal rating grade corresponds to a distinct probability of default over one year. Expert scorecards are used for various SME schematic products and retail agriculture schemes. Statistical application and behavioural scorecards have been developed for all major retail portfolios.

The Bank recognises cash, central/state government, bank and corporate guarantees, exclusive mortgage of properties and lease rental securitisation for the purpose of credit enhancement to arrive at a facility rating.

Model validation is carried out annually by objectively assessing the discriminatory power, calibration accuracy and stability of ratings. The Bank has completed the estimation and validation of PD, LGD and CCF models for corporate and retail portfolios.

### **Credit Sanction and Related Processes**

The guiding principles behind the credit sanction process are as under:

- 'Know Your Customer' is a leading principle for all activities.
- The acceptability of credit exposure is primarily based on the sustainability and adequacy of borrower's normal business operations and not based solely on the availability of security.

The Bank has put in place a hierarchical committee structure based on the size and rating of the exposures for credit sanction and review; with sanctioning authority rested with higher level committees for larger and lesser rated exposures. Committee of Directors (COD) is the topmost committee in the hierarchy which is a sub-committee of the Board.

All management level sanctioning committees require mandatory presence of a representative from Risk Department for quorum.

### **Review and Monitoring**

- All credit exposures, once approved, are monitored and reviewed periodically against the approved limits. Borrowers with lower credit rating are subject to more frequent reviews.
- Credit audit involves independent review of credit risk assessment, compliance with internal policies of the Bank and with the regulatory framework, compliance of sanction terms and conditions and effectiveness of loan administration.
- Customers with emerging credit problems are identified early and classified accordingly. Remedial action is initiated promptly to minimize the potential loss to the Bank.

### **Concentration Risk**

The Bank manages concentration risk by means of appropriate structural limits and borrower-wise limits based on credit-worthiness. Credit concentration in the Bank's portfolios is monitored for the following:

- Large exposures to the individual clients or group: The Bank has individual borrower-wise exposure ceilings based on the internal rating of the borrower as well as group-wise borrowing limits which are continuously tracked and monitored.
- Geographic concentration for real estate exposures.
- Concentration of unsecured loans to total loans and advances.
- Concentration by Industry: Industry analysis plays an important part in assessing the concentration risk within the loan portfolio. Industries are classified into various categories based on factors such as demand-supply, input related risks, government policy stance towards the sector and financial strength of the sector in general. Such categorization is used in determining the expansion strategy for the particular industry.

### **Portfolio Management**

Portfolio level risk analytics and reporting to senior management examines optimal spread of risk across various rating classes, undue risk concentration across any particular industry segments and delinquencies. Borrowers or portfolios are marked for early warning when signs of weakness or financial deterioration are envisaged in order that timely remedial actions may be initiated. In-depth sector specific studies are undertaken on portfolios vulnerable to extraneous shocks and the results are shared with the business departments. The Bank has a well-defined stress testing policy in place and at least on a quarterly basis, stress testing is undertaken on various portfolios to gauge the impact of stress situations on the health of portfolio, profitability and capital adequacy.

Retail lending portfolio is the blended mix of Consumer Lending and Retail Rural Lending Portfolios. Secured products (like mortgage, wheels business) still commands a major share of the Consumer Lending Portfolio, with prudent underwriting for unsecured lending (personal loans and credit card business) continuing during the current year. The Bank has developed a robust risk management framework at each stage of retail loan cycle i.e. loan acquisition, underwriting and collections.

Underwriting strategy relies on extensive usage of analytical scoring models which also takes inputs from bureau. The Bank uses 'Rules Engine' which helps customise business rules thereby aiding in faster decision making without compromising on the underlying risks. Senior Management takes note of movement and direction of risk reported through information published on structured dashboards.

## **DISCLOSURES UNDER BASEL III (CONT.)**

### **Definitions and Classification of Non-Performing Assets**

Advances are classified into performing and non-performing asset (NPAs) as per RBI guidelines.

A non-performing asset (NPA) is a loan or an advance where;

- interest and/or installment of principal remains overdue for a period of more than 90 days in respect of a term loan,
- the account remains 'out-of-order' for a period of more than 90 days in respect of an Overdraft or Cash Credit (OD/CC),
- the bill remains overdue for a period of more than 90 days in case of bills purchased and discounted,
- a loan granted for short duration crops will be treated as an NPA if the installments of principal or interest thereon remain overdue for two crop seasons,
- a loan granted for long duration crops will be treated as an NPA if the installments of principal or interest thereon remain overdue for one crop season,
- in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.
- the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated 1 February, 2006.

NPAs are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. A sub-standard asset is one, which has remained a NPA for a period less than or equal to 12 months. An asset is classified as doubtful if it has remained in the sub-standard category for more than 12 months. A loss asset is one where loss has been identified by the Bank or internal or external auditors or during RBI inspection but the amount has not been written off fully.

### **Definition of Impairment**

At each balance sheet date, the Bank ascertains if there is any impairment in its assets. If such impairment is detected, the Bank estimates the recoverable amount of the asset. If the recoverable amount of the asset or the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account.

### **Credit Risk Exposures**

#### **Total Gross Credit Risk Exposure Including Geographic Distribution of Exposure – Position as on 31 March, 2016**

	(₹ in millions)		
	Domestic (Outstanding)	Overseas (Outstanding)	Total
Fund Based	4,234,282	597,869	4,832,151
Non Fund Based *	883,070	99,090	982,160
<b>Total</b>	<b>5,117,352</b>	<b>696,959</b>	<b>5,814,311</b>

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

Progress on...



### Distribution of Credit Risk Exposure by Industry Sector – Position as on 31 March, 2016

(₹ in millions)

Industry Classification	Amount	
	Fund Based (Outstanding)	Non-Fund Based (Outstanding)
Banking and Finance*	326,744	153,860
Infrastructure (excluding Power)	264,146	168,459
Power Generation & Distribution	212,933	46,263
Trade	173,482	61,231
Engineering	84,525	142,548
Chemicals and Chemical products	103,775	109,752
Commercial Real Estate	163,088	16,654
Iron and Steel	111,227	27,058
Metal and Metal Products	80,095	25,923
Food Processing	70,888	2,603
NBFCs	54,807	15,140
Professional Services	63,222	3,312
Construction	28,774	35,729
Cotton Textiles	56,932	1,501
Petroleum, Coal Products and Nuclear Fuels	35,351	18,334
Cement and Cement Products	46,340	6,180
Computer Software	24,586	19,943
Shipping Transportation & Logistics	36,842	2,976
Mining and Quarrying (incl. Coal)	29,592	3,057
Entertainment & Media	20,284	11,054
Vehicles, Vehicle Parts and Transport Equipment	27,614	3,364
Paper and Paper Products	25,533	4,134
Rubber, Plastic and their Products	22,329	3,602
Other Textiles	20,956	2,606
Gems and Jewellery	18,580	2,304
Edible Oils and Vanaspati	6,760	13,877
Other Industries	174,785	65,955
Residual Exposures	2,547,961	14,741
- of which Other Assets	151,275	-
- of which Banking Book Investments	696,769	-
- of which Retail, Agriculture & Others	1,699,917	14,741
<b>Total</b>	<b>4,832,151</b>	<b>982,160</b>

\* includes Cash, Balances with RBI and Balances with banks and money at call and short notice

## DISCLOSURES UNDER BASEL III (CONT.)

As on 31 March, 2016, the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure (outstanding):

Sr. No.	Industry Classification	Percentage of the total gross credit exposure
1.	Banking & Finance	8%
2.	Infrastructure	7%

### Residual Contractual Maturity Breakdown of Assets – Position as on 31 March, 2016\*

Maturity Bucket	Cash	Balances with RBI	Balances with other banks <sup>#</sup>	Investments	Advances	Fixed Assets	Other assets	(₹ in millions)
1 day	41,205	46,611	27,427	167,099	42,060	-	2,148	
2 to 7 days	-	4,202	49,197	40,770	38,288	-	11,433	
8 to 14 days	-	3,083	870	27,869	31,819	-	10,944	
15 to 30 days	-	4,510	3,858	35,273	49,286	-	26,499	
31 days to 2 months	-	6,845	9,491	43,995	65,219	-	1,979	
Over 2 months and upto 3 months	-	5,501	712	41,977	108,460	-	1,591	
Over 3 months and upto 6 months	-	11,232	7,955	71,552	138,954	-	31,538	
Over 6 months and upto 12 months	-	24,956	11,619	189,149	300,433	-	44,974	
Over 1 year and upto 3 years	-	16,386	8,380	137,932	617,745	7	26,763	
Over 3 years and upto 5 years	-	4,758	-	58,508	444,183	-	40,082	
Over 5 years	-	54,323	-	417,416	1,612,803	35,782	87,809	
<b>Total</b>	<b>41,205</b>	<b>182,407</b>	<b>119,509</b>	<b>1,231,540</b>	<b>3,449,250</b>	<b>35,789</b>	<b>285,760</b>	

\* Intra-group adjustments are excluded

# including money at call and short notice

### Movement of NPAs (including NPIs) – Position as on 31 March, 2016

Particulars	Amount	(₹ in millions)
<b>A. Amount of NPAs (Gross)</b>		
- Substandard	16,139	
- Doubtful 1	13,066	
- Doubtful 2	17,206	
- Doubtful 3	566	
- Loss	13,898	
<b>B. Net NPAs</b>		25,221
<b>C. NPA Ratios</b>		
- Gross NPAs (including NPIs) to gross advances (%)	1.75%	
- Net NPAs (including NPIs) to net advances (%)	0.73%	
<b>D. Movement of NPAs (Gross)</b>		
- Opening balance as on 1 April, 2015	41,102	
- Additions	73,445	
- Reductions	(53,672)	
- Closing balance as on 31 March, 2016	60,875	

Progress on...

**Movement of Specific & General Provision – Position as on 31 March, 2016**

	(₹ in millions)	
Movement of Provisions	Specific Provisions	General Provisions
- Opening balance as on 1 April, 2015	30,358	17,347
- Provision made in 2015-16*	29,139	4,145
- Write-offs	(22,481)	-
- Write-back of excess provision	(1,016)	-
- Closing balance as on 31 March, 2016	36,000	21,492

# includes effect of exchange rate fluctuation of ₹110 million in specific provisions and ₹171 million in general provisions.

**Details of write-offs and recoveries that have been booked directly to the income statement – Position as on 31 March, 2016**

	(₹ in millions)
Write-offs that have been booked directly to the income statement	326
Recoveries that have been booked directly to the income statement	1,605

**NPIs and Movement of Provision for Depreciation on Investments – Position as on 31 March, 2016**

	(₹ in millions)
	Amount
A. Amount of Non-Performing Investments	2,390
Amount of Non-Performing Investments- Others*	-
B. Amount of Provision held for Non-performing investments	2,324
Amount of Provision held for Non-performing investments- Others*	-
C. Movement of provision for depreciation on investments	
- Opening balance as on 1 April, 2015	723
- Provision made in 2015-16	1,503
- Write-offs/Write-back of excess provision	-
- Closing balance as on 31 March, 2016	2,226

**Breakup of NPAs by major industries – Position as on 31 March, 2016**

Particulars	Gross NPA	Specific Provision
Trade	6,389	4,262
Infrastructure (excluding Power)	6,386	3,935
Power Generation & Distribution	5,326	1,207
Professional services	3,704	1,746
Engineering	2,862	1,874
Banking and Finance	2,218	2,181
Commercial real estate	1,503	242
Iron and Steel	1,375	778
Other metal and metal products	785	363
Chemicals and chemical products	670	187
Food Processing	438	237
Construction	91	157
Retail, Agri & Other Industries	29,128	18,831
<b>Total</b>	<b>60,875</b>	<b>36,000</b>

Note:- Specific provisions include NPA and restructured provisions

General provision in Top 5 industries amounts to ₹6,103 million.

## DISCLOSURES UNDER BASEL III (CONT.)

Major Industries breakup of specific provision and write-off's during the current period – For quarter ended 31 March, 2016

Industry	Provision	Write-offs
Specific Provision in Top 5 industries	2,501	210

Geography wise Distribution of NPAs and Provision – Position as on 31 March, 2016

Geography	Gross NPA	Specific Provision	General Provision
Domestic	51,841	30,760	17,912
Overseas	9,034	5,240	3,580
<b>Total</b>	<b>60,875</b>	<b>36,000</b>	<b>21,492</b>

### Credit Risk: Use of Rating Agency under the Standardised Approach

The RBI guidelines on capital adequacy require banks to use ratings assigned by specified External Credit Assessment Agencies (ECALs) namely Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA for domestic counterparties and Standard & Poor's, Moody's and Fitch for foreign counterparties.

The Bank is using issuer ratings and short-term and long-term instrument/bank facilities' ratings which are assigned by the accredited rating agencies viz. Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA and published in the public domain to assign risk-weights in terms of RBI guidelines. In respect of claims on non-resident corporates and foreign banks, ratings assigned by international rating agencies i.e. Standard & Poor's, Moody's and Fitch is used. For exposures with contractual maturity of less than one year, a short-term rating is used. For cash credit facilities and exposures with contractual maturity of more than one year, long-term rating is used.

Issuer ratings would be used if the Bank has an exposure in the rated issue and this would include fund-based and non-fund based working capital facilities as well as loans and investments. In case the Bank does not have exposure in a rated issue, the Bank would use the issue rating for its comparable unrated exposures to the same borrower, provided that the Bank's exposures are pari-passu or senior and of similar or lesser maturity as compared to the rated issue. Structured Obligation (SO) ratings are not used unless the Bank has a direct exposure in the 'SO' rated issue. If an issuer has a long-term or short-term exposure with an external rating that warrants a risk weight of 150%, all unrated claims on the same counterparty, whether short-term or long-term, also receive 150% risk weight, unless the Bank uses recognised credit risk mitigation techniques for such claims.

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

### Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk-Weight – Position as on 31 March, 2016

	(₹ in millions)
	Amount
Below 100% risk weight	3,541,192
100% risk weight	1,452,599
More than 100% risk weight	820,520
Deduction from capital funds	-

## V. CREDIT RISK MITIGATION

The Bank uses various collaterals both financial as well as non-financial, guarantees and credit insurance as credit risk mitigants. The main financial collaterals include bank deposits, National Savings Certificate/Kisan Vikas Patra/Life Insurance Policy and gold, while main non-financial collaterals include land and building, plant and machinery, residential and commercial mortgages. The guarantees include guarantees given by corporate, bank and personal guarantees. This also includes loans and advances guaranteed by Export Credit & Guarantee Corporation Limited (ECGC), Credit Guarantee Fund Trust for Small Industries (CGTSI), Central Government and State Government.

Progress on...



The Bank has in place a collateral management policy, which underlines the eligibility requirements for Credit Risk Mitigants (CRM) for capital computation as per Basel III guidelines. The Bank reduces its credit exposure to counterparty with the value of eligible financial collateral to take account of the risk mitigating effect of the collateral. To account for the volatility in the value of collateral, haircut is applied based on the type, issuer, maturity, rating and re-margining/revaluation frequency of the collateral. The Bank revalues various financial collaterals at varied frequency depending on the type of collateral. The Bank has a valuation policy that covers processes for collateral valuation and empanelment of valuers.

#### Details of Total Credit Exposure (after on or off Balance Sheet Netting) as on 31 March, 2016

	(₹ in millions)
	Amount
Covered by:	
- Eligible financial collaterals after application of haircuts	152,979
- Guarantees/credit derivatives	130,965

## VI. SECURITISATION

The primary objectives for undertaking securitisation activity by the Bank are enhancing liquidity, optimisation of usage of capital and churning of the assets as part of risk management strategy.

The securitisation of assets generally being undertaken by the Bank is on the basis of 'True Sale', which provides 100% protection to the Bank from default. The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

The Bank may also invest in securitised instruments which offer attractive risk adjusted returns. The Bank enters into purchase/sale of corporate and retail loans through direct assignment/SPV. In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank, however, does not follow the originate to distribute model and pipeline and warehousing risk is not material to the Bank.

Valuation of securitised exposures is carried out in accordance with the Fixed Income Money Market and Derivatives Association (FIMMDA)/RBI guidelines. Gain on securitisation is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to profit and loss account. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29 'Provisions, contingent liabilities and contingent assets'.

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

All transfers of assets under securitisation were effected on true sale basis. However, in the year ended 31 March, 2016, the Bank has not securitised any asset.

### A. Banking Book

#### Details of Exposure Securitised by the Bank and subject to Securitisation Framework

Sr. No.	Type of Securitisation	(₹ in millions)
i	Total amount of exposures securitised	-
ii	Losses recognised by the Bank during the current period	-
iii	Amount of assets intended to be securitised within a year	-
	Of which	
	- Amount of assets originated within a year before securitisation	-
iv	Amount of exposures securitised	-
	- Corporate Loans	-
v	Unrecognised gain or losses on sale	-
	- Corporate Loans	-

## DISCLOSURES UNDER BASEL III (CONT.)

Aggregate amount of Securitisation Exposures Retained or Purchased as on 31 March, 2016 is given below

(₹ in millions)

Sr. No.	Type of Securitisation	On Balance Sheet	Off Balance Sheet
i	Retained	-	-
ii	Securities purchased	-	-
iii	Liquidity facility	-	-
iv	Credit enhancement (cash collateral)	-	-
v	Other commitments	-	-

Risk-weight wise Bucket Details of the Securitisation Exposures on the Basis of Book-Value

(₹ in millions)

	Amount	Capital charge
Below 100% risk weight	-	-
100% risk weight	-	-
More than 100% risk weight	-	-
<b>Deductions</b>		
- Entirely from Tier I capital	-	-
- Credit enhancing I/Os deducted from Total Capital	-	-
- Credit enhancement (cash collateral)	-	-

### B. Trading Book

Details of Exposure Securitised by the Bank and subject to Securitisation Framework

(₹ in millions)

Sr. No.	Type of Securitisation	Amount
i	Aggregate amount of exposures securitised by the Bank for which the Bank has retained some exposures and which is subject to the market risk approach	-

Aggregate amount of Securitisation Exposures Retained or Purchased as on 31 March, 2016 is given below

(₹ in millions)

Sr. No.	Type of Securitisation	On Balance Sheet*	Off Balance Sheet
i	Retained	-	-
ii	Securities purchased		
	- Corporate Loans	-	-
	- Lease Rental	2,364	-
	- Priority Sector (auto pool & micro finance)	2,174	-
iii	Liquidity facility	-	-
iv	Credit enhancement (cash collateral)	-	-
v	Other commitments	-	-

\* includes outstanding balance of PTCs purchased in earlier years also

Progress on...



### Risk-weight wise Bucket Details of the Securitisation Exposures on the Basis of Book-Value

	(₹ in millions)	Amount	Capital charge
i Exposures subject to Comprehensive Risk Measure for specific risk			
- Retained		-	-
- Securities purchased		-	-
ii Exposures subject to the securitisation framework for specific risk			
Below 100% risk weight		4,538	147
100% risk weight		-	-
More than 100% risk weight		-	-
iii Deductions			
- Entirely from Tier I capital		-	-
- Credit enhancing I/Os deducted from Total Capital		-	-
- Credit enhancement (cash collateral)		-	-

## VII. MARKET RISK IN TRADING BOOK

Market risk is the risk of loss to the Bank's earnings and capital due to changes in the market level of interest rates, price of securities, foreign exchange rates and equities' price, as well as the volatilities of those changes. The Bank is exposed to market risk through its investment activities and also trading activities, which are undertaken for customers as well as on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its trading, investment and asset/liability portfolios. For market risk management, the Bank has:

- Board approved market risk policies and guidelines which are aligned to the regulatory guidelines and based on experiences gained over the years. The policies are reviewed periodically keeping in view regulatory changes, business requirements and market developments.
- Process manual which are updated regularly to incorporate and document the best practices.
- Market risk identification through elaborate mapping of the Bank's main businesses to various market risks.
- Statistical measures like Value at Risk (VaR), supplemented by stress tests, back tests and scenario analysis.
- Non-statistical measures like position limits, marked-to-market (MTM), gaps and sensitivities (mark-to-market, position limits, duration, PVBP, option Greeks).
- Management Information System (MIS) for timely market risk reporting to senior management functionaries. Key risk metrics are presented to the Risk Management Committee of the Board through Risk Dash-Boards.

Risk limits such as position limits, stop-loss limits, alarm limits, gaps and sensitivities (duration, PVBP, option Greeks) are set up and reviewed periodically, based on a number of criteria including regulatory guidelines, relevant market analysis, business strategy, size of the investment and trading portfolio, management experience and the Bank's risk appetite. These limits are monitored on an intra-day/daily basis by the Treasury Mid-office and the exceptions are put up to ALCO and Risk Management Committee of the Board.

The Bank uses Historical Simulation and its variants for computing VaR for its trading portfolio. VaR is calculated and reported on a daily basis for the trading portfolios at a 99% confidence level for a one-day holding period, using 250 days of historical data or one year of relative changes in historical rates and prices. The model assumes that the risk factor changes observed in the past are a good estimate of those likely to occur in the future and is, therefore, limited by the relevance of the historical data used. The method, however, does not make any assumption about the nature or type of the loss distribution. The VaR models for different portfolios are back-tested at regular intervals and the results are used to maintain and improve the efficacy of the model.

The VaR measure is supplemented by a series of stress tests and sensitivity analysis that estimates the likely behaviour of a portfolio under extreme but plausible conditions and its impact on earnings and capital. The Bank undertakes stress tests for market risks for its trading book, IRS, forex open position and forex gaps on a monthly basis as well as for liquidity risk at the end of each quarter.

## **DISCLOSURES UNDER BASEL III (CONT.)**

The Bank has built its capabilities to migrate to advanced approach i.e. Internal Models Approach for assessment of market risk capital.

### **Concentration Risk**

The Bank has allocated the internal risk limits in order to avoid concentrations, wherever relevant. For example, the Aggregate Gap Limit, Net Open Position and daylight limits are allocated to various currencies and maturities into Individual Gap Limits to monitor concentrations. Similarly, stop-loss limits and duration limits have been set up for different categories within a portfolio. Within the overall PV01 limit, a sub-limit is set up which is not expected to be breached by trades linked to any individual benchmark. Some of the limits like currency wise net open position, stop loss limits and PV01 limits are allocated dealer-wise also, based on their skill and experience, to avoid build up of positions in a single dealer's book.

### **Liquidity Risk**

Liquidity Risk is the current and prospective risk to earnings or capital arising from a Bank's inability to meet its current or future obligations on the due date. Liquidity risk is two-dimensional viz., risk of being unable to fund portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate an asset in a timely manner at a reasonable price (asset dimension).

The goal of Liquidity Risk Management is to meet all commitments on the due date and also be able to fund new investment opportunities by raising sufficient funds in the form of increasing fresh liabilities or by expeditious asset sell-off without incurring unacceptable losses, both under normal and adverse conditions. These objectives are ensured by setting up policies, operational level committees, measurement tools and monitoring and reporting mechanism using effective use of IT systems for availability of quality data.

The Bank manages its liquidity on a static as well as dynamic basis using various tools such as gap analysis, ratio analysis, dynamic liquidity statements, intraday liquidity monitoring tools and scenario analysis. The Bank's ALM policy defines the tolerance limits for its structural liquidity position. The Liquidity Policy for the domestic operations as well as for the overseas branches lay down the operational framework for prudent risk management in the Bank. The liquidity profile of the Bank is analysed on a static basis by tracking all cash inflows and outflows in the maturity ladder based on the actual maturity and expected occurrence (for non-maturity items) of cash flows. The liquidity profile of the Bank is also estimated on a dynamic basis by considering the growth in deposits and loans, investment obligations, etc. for a short-term period of three months. The Bank undertakes behavioral analysis of the non-maturity products viz. savings and current deposits and cash credit/overdraft accounts on a periodic basis, to ascertain the volatility of residual balances in those accounts. The renewal pattern and premature withdrawals of term deposits and drawdown of unavailed credit limits are also captured through behavioral studies. The concentration of large deposits is monitored on a periodic basis.

The Bank's ability to meet its obligations and fund itself in a crisis scenario is critical and accordingly, liquidity stress tests are conducted under different scenarios at periodical intervals to assess the impact on liquidity to withstand stressed conditions. The liquidity positions of overseas branches are managed in line with the Bank's internal policies and host country regulations. Such positions are also reviewed centrally by the Bank's ALCO along with domestic positions.

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR).

### **Counterparty Risk**

The Bank has a Counterparty Risk Management Policy incorporating well laid-down guidelines, processes and measures for counterparty risk management. The policy includes separate counterparty rating models for commercial banks, foreign banks and co-operative banks for determining maximum permissible exposure limits for counterparties. The key financials, quality of management and the level of corporate governance are captured in the counterparty rating model. Counterparty limits are monitored and reported daily and internal triggers have been put in place to guard against breach in limits. Credit exposures to issuer of bonds, advances etc. are monitored separately under the prudential norms for exposure to a single borrower as per the Bank's Corporate Credit Risk Policy or Investment Policy, as applicable. The counterparty exposure limits are reviewed at periodic intervals based on the financials of the counterparties, business need, past transaction experiences and market conditions. The Bank has also put in place the 'Derivatives and Suitability & Appropriateness Policy' and Loan Equivalent Risk (LER) Policy to evaluate counterparty risk arising out of all customer derivatives contracts.

## Country Risk

The Bank has a country risk management policy containing the guidelines, systems and processes to effectively identify, assess, monitor and control its country risk exposures. Based on the risk profiling, countries are classified under seven categories i.e. insignificant, low, moderate, high, very high, restricted and off-credit. Risk profiling is based on the ratings provided by Export Credit Guarantee Corporation of India Ltd. (ECGC), Dun & Bradstreet, Standard & Poor's Banking Industry.

Country Risk Assessment (BICRA), inputs received from overseas branches/business departments, reports published by various agencies viz. Moody's, Standard & Poor's, Fitch and other publications of repute. The categorisation of countries is reviewed at quarterly intervals or at more frequent intervals if situations so warrant. An exposure to a country comprises all assets, both funded and non-funded, that represents claims on residents of another country. The Bank has in place both category wise and country wise exposure limits. The Bank monitors country risk exposures through a process of trigger limits as well as prior approval system for select categories viz. high, very high, restricted and off-credit to ensure effective monitoring and management of exposures. As a proactive measure of country risk management, Risk department issues 'Rating Watch' from time to time. Further, based on country-specific developments, the concerned business departments are provided updates on countries which have high probability of a rating downgrade.

## Risk Management Framework for Overseas Operations

The Bank has put in place separate risk management policies for each of its overseas branches in Singapore, Hong Kong, Dubai, Colombo and Shanghai. These country-specific risk policies are based on the host country regulators' guidelines and in line with the practices followed for the Indian operations. The Asset Liability Management and all the risk exposures for the overseas operations are monitored centrally at the Central Office.

## Capital Requirement for Market Risk – Position as on 31 March, 2016

(₹ in millions)

Type	Amount of Capital Required
Interest rate risk	23,522
Equity position risk	2,833
Foreign exchange risk (including gold)	751

## VIII. OPERATIONAL RISK

### Strategies and Processes

Operational Risk (OR) is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risk management policy documents the Bank's approach towards management of operational risk and defines the roles and responsibilities of the various stakeholders within the Bank. The policy also comprises the detailed framework for operational risk loss data collection, risk and control self-assessment and key risk indicator framework.

Based on the above policy the Bank has initiated several measures to manage operational risk. The Bank has put in place a hierarchical structure to effectively manage operational risk through the formation of several internal committees viz., Operational Risk Management Committee, Product Management Committee, Change Management Committee, Outsourcing Committee, Business Continuity Management Committee (BCMC) and IT Security Committee.

### Structure and Organisation

The Risk Management Committee (RMC) of the Board at the apex level is the policy making body. The RMC is supported by the Operational Risk Management Committee (ORMC), consisting of Senior Management personnel, which is responsible for implementation of the Operational Risk policies of the Bank. This internal committee oversees the implementation of the OR framework and oversees the management of operational risks across the Bank. A sub-committee of ORMC (Sub-ORMC) has been constituted to assist the ORMC in discharging its functions by deliberating the operational risk issues in detail and escalating the critical issues to ORMC. A dedicated operational risk management unit ensures management of operational risk. A representative of the Risk Department is also a permanent member of control committees on product management covering approval of new products, change management of processes, outsourcing, business continuity management and IT Security.

## **DISCLOSURES UNDER BASEL III (CONT.)**

### **Scope and Nature of Operational Risk Reporting and Measurement Systems**

A systematic process for reporting risks, losses and non-compliance issues relating to operational risks has been developed and implemented. The information gathered is being used to develop triggers to initiate corrective actions to improve controls. Critical risks and major loss events are reported to the Senior Management/ORMC.

The Bank has further enhanced its capability for effective management of operational risk with the implementation of an Enterprise Governance Risk and Compliance platform (SAS-EGRC). The IT platform acts as the single repository of processes and operational, compliance and financial reporting risks. It facilitates capturing of individual risks and the effectiveness of their controls, tagging of identified risks to processes and products, originates action plans and acts as a repository of all operational risk events.

### **Policies for Hedging and Mitigating Operational risk**

An Operational Risk Management Policy approved by the Risk Management Committee of the Board details the framework for managing and monitoring operational risk in the Bank. Business units put in place basic internal controls as approved by the Product Management Committee to ensure appropriate controls in the operating environment throughout the Bank. As per the policy, all new products are being vetted by the Product Management Committee to identify and assess potential operational risks involved and suggest control measures to mitigate the risks. Each new product or service introduced is subject to a risk review and sign-off process. Similarly, any changes to the existing products/processes are being vetted by the Change Management Committee.

Key Risk Indicators (KRIs) have been developed for various Business Units of the Bank for effective monitoring of key operational risks. KRIs for the branches has also been launched as a new initiative to help branches to manage operational risk better. The Bank wide trainings are being periodically conducted by the Operational Risk Department.

The Bank has adopted BCP and IT Disaster Recovery Policy wherein critical activities and system applications have been defined, recovery plan is in place for these critical activities and system applications to ensure timely recovery of the Bank's critical products and services in the event of an emergency.

Regular tests have been carried out to ascertain BCP preparedness. The test reports are shared with senior management on a regular frequency. Business Continuity Management Committee (BCMC) has been formed comprising of senior functionaries of the Bank, which monitors BCM framework implementation in the Bank. A sub-committee of the BCMC (sub-BCMC) has been also formed to review and recommend measures to strengthen BCM framework in the Bank.

### **Approach for Operational Risk Capital Assessment**

As per the RBI guidelines, the Bank has followed the Basic Indicator Approach for computing the capital for operational risk for the year ending 31 March, 2016. Based on the measures outlined above, the Bank is preparing itself for migration to the Advanced Measurement Approach of capital computation for operational risk under Basel III.

## **IX. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)**

Interest Rate Risk in the Banking Book is measured and monitored according to the guidelines laid out in the Bank's Asset Liability Management (ALM) Policy based on the guidelines of RBI presented in the document "Guidelines on Banks' Asset Liability Management Framework – Interest Rate Risk" dated 4 November, 2010. Interest Rate Risk is measured for the (a) entire balance sheet and (b) banking book only through Earnings at Risk and Market Value of Equity Approach as described below.

The Bank employs Earnings at Risk (EaR) measures to assess the sensitivity of its net interest income to parallel movement in interest rates over the 1 year horizon. The Bank measures the level of its exposure of the present value of all assets and liabilities to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements as stipulated in the relevant RBI guidelines. Computation of EaR and MVE is done through the ALM software used by the Bank. The Bank prepares Structural Liquidity reports and Interest Rate Sensitivity reports for domestic operations on the daily basis which are reviewed against Regulatory and Internal limits. Internal limits have been established for (a) Earnings at Risk for a 1% parallel shift in interest rates over the horizon of 1 year, and (b) 2% parallel shift in interest rates for Market Value of Equity impact which are reported monthly to ALCO. Any review of the internal interest rate risk limits is approved by the ALCO and is ratified by the Risk Management Committee of the Board.

Interest Rate Risk for Banking Book from both Earnings at Risk perspective as well as Market Value of Equity perspective is computed and reported quarterly in the Stress Testing results of the Bank. Stress testing results are submitted to the Risk Management Committee of the Board as well as the senior management of the Bank for their review.

Interest Rate Risk bucketing of non-maturity based liability items is based on the Behavioral Analysis policy approved by the ALCO for identification of core and non-core components. Behavioral Analysis is conducted annually by the Bank as well as back tested subsequently. Historical trends in (product-wise) daily / monthly aggregate balances and their associated volatilities in non-maturity based items over a time period of past 3/5 years are used to estimate the likelihood of the drop in balances over specified time intervals. The confidence level for the analysis is considered at 85%, which corresponds to one standard deviation over the mean. 85% confidence level is considered adequate as the structural liquidity analysis is done on a daily basis. Bucketing rules of core and non-core portions in the interest rate sensitivity statements are laid out in the ALM policy. The Bank does not use any assumptions for prepayment of loans for preparation of interest rate risk sensitivity reports.

The findings of the various IRRBB measures are submitted to the ALCO, which is the apex committee for providing strategic guidance and direction for the ALM measures.

Details of increase (decrease) in earnings and economic value for upward and downward rate shocks based on Balance Sheet as on 31 March, 2016 are given below:

#### **Earnings Perspective**

Currency	(₹ in millions)	
	Interest Rate Shock	
	+200bps	-200bps
INR	21,300	(21,300)
USD	654	(654)
Residual	(813)	813
<b>Total</b>	<b>21,141</b>	<b>(21,141)</b>

#### **Economic Value Perspective**

Currency	(₹ in millions)	
	Interest Rate Shock	
	+200bps	-200bps
INR	22,284	(22,284)
USD	(1,575)	1,575
Residual	(264)	264
<b>Total</b>	<b>20,445</b>	<b>(20,445)</b>

Note: Interest Rate Risk in Banking Book is computed only for banks/bank like entities where the inherent business is maturity transformation of assets and liabilities, thereby resulting in interest rate mismatch. Other subsidiaries whose core business is not banking activity, IRRBB need not be computed.

#### **X. EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK**

Counterparty credit limits and exposures are monitored daily and internal triggers are put in place to guard against breach in limits. Credit exposures to issuer of bonds, advances etc. are monitored separately under the prudential norms for exposure to a single borrower as per the Bank's Corporate Credit Risk Policy or Investment Policy, as applicable. The counterparty exposure limits are reviewed at periodic intervals.

##### **Methodology used to assign economic capital and credit limits for counterparty credit exposures**

The Bank currently does not assign economic capital for its counterparty credit exposures. The Bank has adopted a methodology of computing economic capital within the framework of Individual Capital Adequacy Assessment Process (ICAAP) and assesses the economic capital requirement within this framework. The Bank is adequately capitalised in terms of projected growth for the next three years and has sufficient capital buffer to account for Pillar II risks.

## **DISCLOSURES UNDER BASEL III (CONT.)**

### **Policies for securing collateral and establishing credit reserves**

The Bank has a policy framework through its Credit Risk Management policy and Collateral Management Policy which stipulates the eligible credit risk mitigants and management thereof. The Bank has adopted the Comprehensive Approach as suggested by RBI, which allows fuller offset of collateral against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. Under this approach, the Bank takes eligible financial collateral on an account-by-account basis, to reduce the credit exposure to counterparty while calculating the capital requirements to take account of the risk mitigating effect of the collateral. The Bank also has a well-defined NPA management & recovery policy for establishing credit reserves on a prudential basis apart from being in consonance with the regulatory guidelines.

### **Policies with respect to wrong-way risk exposures**

Wrong way risk associated with counterparty credit exposures can be of two types – General i.e. when the PD of counterparties is positively correlated with general market risk factors and Specific i.e. when the exposure to a particular counterparty and the PD of the counterparty providing credit risk mitigation for the exposure are highly correlated. The Bank currently does not have a complete policy framework to address the wrong way risk. In the interim, the general wrong way risk is taken care of through monitoring of concentration of counterparty credit exposures on account of derivatives. Also as per the credit risk management policy, collaterals whose values have a material positive correlation with the credit quality of the borrower is likely to provide little or no credit protection during stress, are not recognized for credit enhancement, thus mitigating any specific wrong way risk.

### **Impact of the amount of collateral the Bank would have to provide given a credit rating downgrade**

The Bank currently assesses the liquidity impact and related costs of a possible downgrade as part of the bank-wide stress testing exercise. The Bank has already adopted Credit Value Adjustment (CVA) based on the regulatory guidelines on the asset side for capital computation purposes. The current regulatory guidelines do not require estimation of changes in collateral requirement in case of a likely rating downgrade of a Bank and the Bank also does not make such an assessment currently. However, the Bank is in the process of developing an internal methodology to estimate the changes in liabilities to counterparties in the event of its rating downgrade.

### **Quantitative Disclosures**

Particulars	IRS/CCS/FRA	OPTIONS
Gross Positive Fair Value of Contracts	54,775	9,867
Netting Benefits	-	-
Netted Current Credit Exposure	54,775	9,867
Collateral held (e.g. Cash, G-sec, etc.)	-	-
Net Derivatives Credit Exposure	54,775	9,867
Exposure amount (under CEM)	167,689	17,925
Notional value of Credit Derivative hedges	-	-
Credit derivative transactions that create exposures to CCR	-	-

Progress on...



## XI. COMPOSITION OF CAPITAL

		(₹ in millions)		
Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
<b>Common Equity Tier 1 capital: instruments and reserves</b>				
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	171,638		A1 + A2
2	Retained earnings	348,603		B1 + B2 + B3 + B4 + B5 + B6 - B7
3	Accumulated other comprehensive income (and other reserves)	-		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-		
<i>Public sector capital injections grandfathered until 1 January 2018</i>				
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>520,241</b>		
<b>Common Equity Tier 1 capital: regulatory adjustments</b>				
7	Prudential valuation adjustments	1,966		
8	Goodwill (net of related tax liability)	-		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	-		
10	Deferred tax assets	-		
11	Cash-flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in common equity	222	56	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital (amount above 10% threshold)	-		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		
20	Mortgage servicing rights (amount above 10% threshold)	-		
21	Deferred tax assets arising from temporary differences(amount above 10% threshold, net of related tax liability)	-		
22	Amount exceeding the 15% threshold	-		
23	of which: significant investments in the common stock of financial entities	-		
24	of which: mortgage servicing rights	-		
25	of which: deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments(26a+26b+26c+26d)	-		
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-		
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-		

## DISCLOSURES UNDER BASEL III (CONT.)

(₹ in millions)				
Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
26d	of which: Unamortised pension funds expenditures	-		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		
28	<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>2,188</b>		
29	<b>Common Equity Tier 1 capital (CET 1)</b>	<b>518,053</b>		
<b>Additional Tier 1 capital: instruments</b>				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>	2,802		C1
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	of which: instruments issued by subsidiaries subject to phase out	-		
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>2,802</b>		
<b>Additional Tier 1 capital: regulatory adjustments</b>				
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	279		70
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments (41a+41b)	-		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: DTA	-		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		

Progress on...



(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>279</b>		
44	<b>Additional Tier 1 capital (AT1)</b>	<b>2,523</b>		
44a	<b>Additional Tier 1 capital reckoned for capital adequacy</b>	<b>2,523</b>		
45	<b>Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)</b>	<b>520,576</b>		
<b>Tier 2 capital: instruments and provisions</b>				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	23,500		C2
47	Directly issued capital instruments subject to phase out from Tier 2	69,432		C2
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		
49	of which: instruments issued by subsidiaries subject to phase out	-		
50	Provisions	22,396		D1+D2+D3+D4
51	<b>Tier 2 capital before regulatory adjustments</b>	<b>115,328</b>		
<b>Tier 2 capital: regulatory adjustments</b>				
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 instruments	104		26
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56	National specific regulatory adjustments (56a+56b)	-		
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-		
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which:[INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-		
	of which:[INSERT TYPE OF ADJUSTMENT]	-		
57	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>104</b>		
58	<b>Tier 2 capital (T2)</b>	<b>115,224</b>		
58a	<b>Tier 2 capital reckoned for capital adequacy</b>	<b>115,224</b>		
58b	<b>Excess Additional Tier 1 capital reckoned as Tier 2 capital</b>	<b>-</b>		
58c	<b>Total Tier 2 capital admissible for capital adequacy (58a + 58b)</b>	<b>115,224</b>		
59	<b>Total capital (TC = T1 + T2) (45 + 58c)</b>	<b>635,800</b>		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	285		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
	of which:	-		
60	<b>Total risk weighted assets (60a + 60b + 60c)</b>	<b>4,125,114</b>		
60a	of which: total credit risk weighted assets	3,458,671		
60b	of which: total market risk weighted assets	301,172		
60c	of which: total operational risk weighted assets	365,271		

## DISCLOSURES UNDER BASEL III (CONT.)

Sr. No.	Particulars	Amount	(₹ in millions)	
			Amounts Subject to Pre-Basel III Treatment	Reference No.
<b>Capital Ratios</b>				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	12.56%		
62	Tier 1 (as a percentage of risk weighted assets)	12.62%		
63	Total capital (as a percentage of risk weighted assets)	15.41%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	6.125%		
65	of which: capital conservation buffer requirement	0.625%		
66	of which: bank specific countercyclical buffer requirement	-		
67	of which: G-SIB buffer requirement	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-		
<b>National minima (if different from Basel III)</b>				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
72	Non-significant investments in the capital of other financial entities	24,442		
73	Significant investments in the common stock of financial entities	-		
74	Mortgage servicing rights (net of related tax liability)	NA		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	19,682		
<b>Applicable caps on the inclusion of provisions in Tier 2</b>				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	22,396		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	43,233		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA		
<b>Capital instruments subject to phase-out arrangement (only applicable between 31 March, 2017 and 31 March, 2022)</b>				
80	Current cap on CET1 instruments subject to phase out arrangements	NA		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA		
82	Current cap on AT1 instruments subject to phase out arrangements	NA		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA		
84	Current cap on T2 instruments subject to phase out arrangements	NA		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA		

\* NA – Not Applicable

Progress on...



### Notes to the Template

Row No. of the template	Particulars	(₹ in millions)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	-
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of the bank	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
50	Eligible Provisions included in Tier 2 capital	22,396
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	22,396

### XII. THE RECONCILIATION OF REGULATORY CAPITAL ITEMS AS ON 31 MARCH, 2016 IS GIVEN BELOW:

Step 1	Particulars	Balance sheet as in financial statements	(₹ in millions)
Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
A	<b>Capital and Liabilities</b>		
I	Paid-up Capital	4,766	4,766
	Reserves & Surplus	530,822	530,822
	Minority Interest	390	390
	Total Capital	<b>535,978</b>	<b>535,978</b>
II	Deposits	3,583,022	3,583,022
	of which: Deposits from banks	120,718	120,718
	of which: Customer deposits	3,462,304	3,462,304
III	Borrowings	1,044,937	1,044,937
	i. Borrowings in India	404,003	404,003
	(a) From RBI	-	-
	(b) From banks	22,838	22,838
	(c) From other institutions & agencies	381,165	381,165
	ii. Borrowings Outside India	640,934	640,934
	of which: Capital Instruments	145,482	145,482
IV	Other liabilities & provisions	156,395	156,395
	<b>Total</b>	<b>5,320,332</b>	<b>5,320,332</b>
B	<b>Assets</b>		
I	Cash and balances with Reserve Bank of India	223,612	223,612
	Balance with banks and money at call and short notice	113,416	113,416
II	Investments	1,218,808	1,218,808
	of which:		
	Government securities	871,518	871,518
	Shares	12,644	12,644
	Debentures & Bonds	240,595	240,595
	Subsidiaries/Joint Ventures/Associates	-	-

## DISCLOSURES UNDER BASEL III (CONT.)

Step 1		₹ in millions)	
Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
	Others (Commercial Papers, Mutual Funds etc.)	94,051	94,051
III	Loans and advances	3,446,633	3,446,633
IV	Fixed assets	35,738	35,738
V	Other assets of which: Goodwill and intangible assets Deferred tax assets (Net)	282,125 - 19,682	281,125 - 19,682
VI	Goodwill on consolidation	-	-
VII	Debit balance in Profit & Loss account	-	-
	<b>Total Assets</b>	<b>5,320,332</b>	<b>5,320,332</b>

Step 2		₹ in millions)		
Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
A	<b>Capital and Liabilities</b>			
I	<b>Paid-up Capital</b>	4,766	4,766	A1
	<b>Reserves &amp; Surplus</b>	530,822	530,822	-
	of which:			
	Statutory Reserve	105,872	105,872	B1
	Share Premium	166,872	166,872	A2
	Investment Reserve Account	872	872	D1
	General Reserve	3,795	3,795	B2
	Capital Reserve	11,101	11,101	B3
	Foreign Currency Translation Reserve	1,716	1,716	
	of which: considered under capital funds	-	1,287	B4
	Reserve Fund	567	567	B5
	Balance in Profit/Loss A/c	240,027	240,027	B6
	of which: proposed dividend	14,046	14,046	B7
	<b>Minority Interest</b>	<b>390</b>	<b>390</b>	-
	of which: amount eligible for CET I	-	-	-
	<b>Total Capital</b>	<b>535,978</b>	<b>535,978</b>	-
II	<b>Deposits</b>	3,583,022	3,583,022	-
	of which:			
	Deposits from banks	120,718	120,718	-
	Customer deposits	3,462,304	3,462,304	-
III	<b>Borrowings</b>	1,044,937	1,044,937	-
i.	Borrowings in India	404,003	404,003	-
	(a) From RBI	-	-	-
	(b) From banks	22,838	22,838	-
	(c) From other institutions & agencies	381,165	381,165	-
ii.	Borrowings Outside India	640,934	640,934	-
	of which: Capital Instruments	145,482	145,482	

Progress on...

**Step 2**

(₹ in millions)

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
	of which:			
	(a) Eligible AT1 capital	-	2,802	C1
	(b) Eligible Tier 2 capital	-	92,932	C2
<b>IV</b>	<b>Other liabilities &amp; provisions</b>	<b>156,395</b>	<b>156,395</b>	-
	of which:			
	Provision for Standard Advances	20,139	20,139	D2
	Provision for Unhedged Foreign Currency Exposure	1,352	1,352	D3
	<b>Total</b>	<b>5,320,332</b>	<b>5,320,332</b>	
<b>B</b>	<b>Assets</b>			
I	Cash and balances with Reserve Bank of India	223,612	223,612	-
	Balance with banks and money at call and short notice	113,416	113,416	-
II	<b>Investments</b>	<b>1,218,808</b>	<b>1,218,808</b>	-
	of which:			
	Government securities	871,518	871,518	-
	Shares	12,644	12,644	-
	Debentures & Bonds	240,595	240,595	-
	Subsidiaries / Joint Ventures / Associates	-	-	-
	Others (Commercial Papers, Mutual Funds etc.)	94,051	94,051	-
III	<b>Loans and advances</b>	<b>3,446,633</b>	<b>3,446,633</b>	-
	floating provision adjusted in loans & advances	33	33	D4
IV	<b>Fixed assets</b>	<b>35,738</b>	<b>35,738</b>	-
V	<b>Other assets</b>	<b>282,125</b>	<b>282,125</b>	-
	of which:			
	Goodwill and intangible assets	-	-	-
	Deferred tax assets (Net)	19,682	19,682	-
VI	<b>Goodwill on consolidation</b>	<b>-</b>	<b>-</b>	-
VII	<b>Debit balance in Profit &amp; Loss account</b>	<b>-</b>	<b>-</b>	-
	<b>Total Assets</b>	<b>5,320,332</b>	<b>5,320,332</b>	-

**DF XIII, XIV & XV**

Disclosures pertaining to main features of equity and debt instruments, terms and conditions of equity and debt instruments and remuneration of Key Management Personnel have been disclosed separately on the Bank's website under the 'Regulatory Disclosure Section'. The link to this section is as follows:

<http://www.axisbank.com/investor-corner/baseliii-disclosures.aspx>.

# NOTES

# NOTES

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# NOTES

# NOTES

Axis House. The Bank's LEED certified,  
corporate headquarters building in Worli, Mumbai



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Progress on...  **AXIS BANK**

**Registered Office:**

'Trishul', 3rd Floor, Opp. Samartheshwar Temple,  
Near Law Garden, Ellisbridge, Ahmedabad - 380 006  
Tel.: +91-79-66306161 Fax: +91-79-26409321  
Email: shareholders@axisbank.com  
Website: [www.axisbank.com](http://www.axisbank.com)

**Corporate Office:**

'Axis House', C-2, Wadia International Centre,  
Pandurang Budhkar Marg, Worli, Mumbai - 400 025  
Tel.: +91-22-24252525/43252525  
Fax: +91-22-24251800

# Notice

**NOTICE** is hereby given that the Twenty Second Annual General Meeting of the Members of Axis Bank Limited will be held at **10.00 a.m. on, Friday, 22<sup>nd</sup> July 2016** at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015, to transact the following businesses:

## **Ordinary Business:**

1. To receive, consider and adopt:
  - a. the audited standalone financial statements of the Bank for the financial year ended 31<sup>st</sup> March 2016 and the Reports of the Directors and the Auditors thereon; and
  - b. the audited consolidated financial statements for the financial year ended 31<sup>st</sup> March 2016 and the Report of the Auditors thereon.
2. To declare dividend on the Equity Shares of the Bank for the financial year ended 31<sup>st</sup> March 2016.
3. To appoint a director in place of Shri V. Srinivasan (DIN 00033882), who retires by rotation and being eligible, has offered himself for re-appointment.
4. To ratify the appointment of M/s S.R. Batliboi & Co. LLP, as the Statutory Auditors of the Bank and to consider and pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, the applicable provision of the Banking Regulation Act, 1949 (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, the Bank hereby ratifies the appointment of M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, having Registration Number 301003E issued by the Institute of Chartered Accountants of India, as the Statutory Auditors of the Bank and to hold office as such from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, subject to the approval of the Reserve Bank of India, and on such terms and conditions including remuneration as may be approved by the Audit Committee of the Board of Directors of the Bank."

## **Special Business:**

5. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 10A (2A) and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, Shri Rakesh Makhija (DIN 00117692), who was appointed as an Additional Independent Director of the Bank, with effect from 27<sup>th</sup> October 2015 and who holds office as such upto the date of this Annual General Meeting and in respect of whom a notice under Section 160 of the Companies Act, 2013 read with Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014 has been received from a Member signifying his intention to propose Shri Rakesh Makhija as a candidate for the office of Director of the Bank, be and is hereby appointed as an Independent Director of the Bank, for a period of five consecutive years from 27<sup>th</sup> October 2015 up to 26<sup>th</sup> October 2020 (both days inclusive), **AND THAT** Shri Rakesh Makhija shall not be liable to retire by rotation during the said period."
6. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 10A (2A) and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, Smt. Ketaki



# AXIS BANK

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## Twenty Second Annual Report 2015-16

Bhagwati (DIN 07367868), who was appointed as an Additional Independent Director of the Bank, with effect from 19<sup>th</sup> January 2016 and who holds office as such upto the date of this Annual General Meeting and in respect of whom a notice under Section 160 of the Companies Act, 2013 read with Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014 has been received from a Member signifying his intention to propose Smt. Ketaki Bhagwati as a candidate for the office of Director of the Bank, be and is hereby appointed as an Independent Director of the Bank, for a period of five consecutive years from 19<sup>th</sup> January 2016 up to 18<sup>th</sup> January 2021 (both days inclusive), **AND THAT** Smt. Ketaki Bhagwati shall not be liable to retire by rotation during the said period.”

7. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, Section 10A (2A) and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, Shri B. Babu Rao (DIN 00425793), who was appointed as an Additional Non - Executive Director of the Bank, with effect from 19<sup>th</sup> January 2016 and who holds office as such upto the date of this Annual General Meeting and in respect of whom a notice under Section 160 of the Companies Act, 2013 read with Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014 has been received from a Member signifying his intention to propose Shri B. Babu Rao as a candidate for the office of Director of the Bank, be and is hereby appointed as a Non – Executive Director of the Bank from 19<sup>th</sup> January 2016, **AND THAT** Shri B. Babu Rao shall be liable to retire by rotation, in terms of the relevant provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Bank.”

8. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 197, Schedule V of the Companies Act, 2013, read with the relevant rules made thereunder, provisions of Section 35B and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, approval of the Members of the Bank, be and is hereby accorded to the revision in the remuneration by way of salary, allowances and perquisites payable to Smt. Shikha Sharma (DIN 00043265), as the Managing Director & CEO of the Bank, with effect from 1<sup>st</sup> June 2016, detailed as under, subject to the approval of the Reserve Bank of India.”

Particulars	Amount
Term	: From the date of appointment i.e. 1 <sup>st</sup> June 2015 as Managing Director & CEO till 31 <sup>st</sup> May 2018.
Salary	: ₹2,73,19,000 p.a.
Leave Fare Concession	: ₹14,76,000 p.a.
<b>Perquisites</b>	
House Rent Allowance	: ₹91,12,000 p.a. (in lieu of Bank's owned /leased accommodation).
Residence	: Leased accommodation to be provided by the Bank.
Provident Fund	: 12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees, from time to time.
Gratuity	: One month's salary for each completed year of service or part thereof (On a pro-rata basis).
Superannuation	: 10% of basic pay p.a.
Travelling Allowances	: As per the Bank's policy.
Medical benefits	: (i) Group mediclaim facility as available to other employees of the Bank. (ii) Reimbursement of full medical expenses for self and family.
Club fees	: Membership of two clubs (excluding life membership fees). All official expenses in connection with such membership incurred would be reimbursed by the Bank.
Conveyance & Telephone	: As per the Bank's policy.
Personal Insurance	: Shall be covered under the Group Savings Linked Insurance Scheme (GSLI) and the Personal Accident Policy as per the Bank's rules.
Newspapers & Periodical	: As per requirement.
Entertainment	: Expenditure on official entertainment would be on the Bank's account.
Utility Bills	: To be reimbursed at actuals up to a limit of ₹3,75,000 p.a.

<b>Particulars</b>	<b>Amount</b>
Furnishing Allowance	: At actuals up to a limit of ₹30,00,000 over a period of 3 years.
Car	: As per the Bank's policy.
Leave	: As per the Bank's rule.
Employees Stock Options (ESOP)	: Stock Options as may be decided by the Nomination and Remuneration Committee, from time to time, subject to the approval of the Reserve Bank of India.
Variable Pay	: As approved by the Nomination and Remuneration Committee/Board, subject to the approval of the Reserve Bank of India.
Loans	: Loan facilities to be provided as per the Bank's policy, at the rate of interest applicable to other employees.
Other terms	: As per the Bank's staff rules and as may be agreed by the Board, from time to time.

**"RESOLVED FURTHER THAT** the Directors of the Bank be and are hereby severally authorised to execute all such agreements, documents, instruments and writings as deemed necessary, with the power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as it may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Officer (s) of the Bank, to give effect to this resolution."

9. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 196 and other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, the relevant provisions of Section 35B and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, the Articles of Association of the Bank and in terms of the approval granted by the Reserve Bank of India under the relevant provisions of the Banking Regulation Act, 1949, approval of the Members of the Bank be and is hereby accorded to the re-appointment of Shri V. Srinivasan (DIN 00033882) as the Whole-Time Director designated as the 'Executive Director (Corporate Banking)' of the Bank, for the period from 15<sup>th</sup> October 2015 up to 20<sup>th</sup> December 2015 (both days inclusive) and thereafter as the Whole-Time Director designated as the 'Deputy Managing Director' of the Bank, for a period of three years, with effect from 21<sup>st</sup> December 2015 up to 20<sup>th</sup> December 2018 (both days inclusive) **AND THAT** Shri V. Srinivasan shall be liable to retire by rotation, in terms of the relevant provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Bank."

**"RESOLVED FURTHER THAT** pursuant to the provisions of Section 197, Schedule V of the Companies Act, 2013, read with the relevant rules made thereunder, relevant provisions of Section 35B and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time and in terms of the approval granted by the Reserve Bank of India under the relevant provisions of the Banking Regulation Act, 1949, Shri V. Srinivasan be paid remuneration by way of salary, allowances and perquisites as the Whole-Time Director designated as the 'Executive Director (Corporate Banking)' of the Bank, for the period from 15<sup>th</sup> October 2015 up to 20<sup>th</sup> December 2015 (both days inclusive) and thereafter as the Whole-Time Director designated as the 'Deputy Managing Director' of the Bank, for a period of three years, from 21<sup>st</sup> December 2015 upto 20<sup>th</sup> December 2018 (both days inclusive), on the terms and conditions, as approved by the Reserve Bank of India, detailed as under."

<b>Particulars</b>	<b>Amount</b>
Term	From 15 <sup>th</sup> October 2015 upto 20 <sup>th</sup> December 2015 as the Executive Director & Head (Corporate Banking) of the Bank and thereafter from 21 <sup>st</sup> December 2015 upto 20 <sup>th</sup> December 2018 as the Deputy Managing Director of the Bank.
Salary	: ₹1,76,04,840 p.a.
Leave Fare Concession	: ₹5,50,000 p.a.
<b>Perquisites</b>	
House Rent Allowance	: ₹44,00,000 p.a.
Residence	: Leased accommodation to be provided by the Bank.
Provident Fund	: 12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees, from time to time.
Gratuity	: One month's salary for each completed year of service or part thereof (On a pro-rata basis).

<b>Particulars</b>	<b>: Amount</b>
Superannuation	: 10% of basic pay p.a.
Travelling Allowances	: As per the Bank's policy.
Medical benefits	: (i) Group mediclaim facility as available to other employees of the Bank. (ii) Reimbursement of full medical expenses for self and family.
Club fees	: Membership of two clubs (excluding life membership fees). All official expenses in connection with such membership incurred would be reimbursed by the Bank.
Conveyance & Telephone	: As per the Bank's policy.
Personal Insurance	: Shall be covered under the Group Savings Linked Insurance Scheme (GSLI) and the Personal Accident Policy as per Bank's rules.
Newspapers & Periodicals	: As per requirement.
Entertainment	: Expenditure on official entertainment would be on Bank's account.
Utility Bills	: To be reimbursed at actuals up to a limit of ₹1,32,000 p.a.
Furnishing Allowance	: At actuals upto a limit of ₹12,00,000 over a period of 3 years.
Car	: As per the Bank's policy.
Leave	: As per the Bank's rule.
Employees Stock Options (ESOP)	: Stock Options as may be decided by the Nomination and Remuneration Committee, from time to time, subject to the approval of the Reserve Bank of India.
Loans	: Loan facilities to be provided as per the Bank's policy, at the rate of interest applicable to other employees.
Variable Pay	: As approved by the Nomination and Remuneration Committee/Board subject to the approval of the Reserve Bank of India.
Other terms	: As per the Bank's staff rules and as may be agreed by the Board, from time to time.

**"RESOLVED FURTHER THAT** the Directors of the Bank be and are hereby severally authorised to execute all such agreements, documents, instruments and writings as deemed necessary, with the power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as it may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Officer(s) of the Bank, to give effect to this resolution."

10. To consider and pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 197, Schedule V of the Companies Act, 2013 read with the relevant rules made thereunder, the relevant provisions of Section 35B and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, approval of the Members of the Bank, be and is hereby accorded to the revision in the remuneration by way of salary, allowances and perquisites payable to Shri V. Srinivasan, as the Deputy Managing Director of the Bank, with effect from 1<sup>st</sup> June 2016, detailed as under, subject to the approval of the Reserve Bank of India."

<b>Particulars</b>	<b>: Amount</b>
Term	: From 21 <sup>st</sup> December 2015 upto 20 <sup>th</sup> December 2018 as the Deputy Managing Director of the Bank.
Salary	: ₹1,93,74,000 p.a.
Leave Fare Concession	: ₹6,05,000 p.a.
<b>Perquisites</b>	
House Rent Allowance	: ₹48,42,000 p.a. (in lieu of Bank's owned /leased accommodation).
Residence	: Leased accommodation to be provided by the Bank.
Provident Fund	: 12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees, from time to time.
Gratuity	: One month's salary for each completed year of service or part thereof (On a pro-rata basis).

<b>Particulars</b>	<b>: Amount</b>
Superannuation	: 10% of basic pay p.a.
Travelling Allowances	: As per Bank's policy.
Medical benefits	: (i) Group mediclaim facility as available to other employees of the Bank. (ii) Reimbursement of full medical expenses for self and family.
Club fees	: Membership of two clubs (excluding life membership fees). All official expenses in connection with such membership incurred would be reimbursed by the Bank.
Conveyance & Telephone	: As per the Bank's policy.
Personal Insurance	: Shall be covered under the Group Savings Linked Insurance Scheme (GSLI) and the Personal Accident Policy as per the Bank's rules.
Newspapers & Periodical	: As per requirement.
Entertainment	: Expenditure on official entertainment would be on the Bank's account.
Utility Bills	: To be reimbursed at actuals up to a limit of ₹1,32,000 p.a.
Furnishing Allowance	: At actuals upto a limit of ₹15,00,000 p.a. over a period of 3 years.
Car	: As per the Bank's policy.
Leave	: As per the Bank's rule.
Employees Stock Options (ESOP)	: Stock Options as may be decided by the Nomination and Remuneration Committee, from time to time, subject to the approval of the Reserve Bank of India.
Variable Pay	: As approved by the Nomination and Remuneration Committee/ Board, subject to the approval of the Reserve Bank of India.
Loans	: Loan facilities to be provided as per the Bank's policy, at the rate of interest applicable to other employees.
Other terms	: As per the Bank's staff rules and as may be agreed by the Board, from time to time.

**"RESOLVED FURTHER THAT** the Directors of the Bank be and are hereby severally authorised to execute all such agreements, documents, instruments and writings as deemed necessary, with the power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as it may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Officer (s) of the Bank, to give effect to this resolution."

11. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable provisions of the Banking Regulation Act, 1949 (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, Dr. Sanjiv Misra (DIN 03075797), who was appointed as an Additional Independent Director of the Bank, with effect from 12<sup>th</sup> May 2016 and who holds office as such upto the date of this Annual General Meeting and in respect of whom a notice under Section 160 of the Companies Act, 2013 read with Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014 has been received from a Member signifying his intention to propose Dr. Sanjiv Misra as a candidate for the office of Director of the Bank, be and is hereby appointed as an Independent Director of the Bank, for a period of five consecutive years, from 12<sup>th</sup> May 2016 upto 11<sup>th</sup> May 2021 (both days inclusive), **AND THAT** Dr. Sanjiv Misra shall not be liable to retire by rotation during the said period."

12. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 10B(1A)(i) and other applicable provisions of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, the applicable provisions of the Companies Act, 2013, the relevant rules made thereunder, (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the Articles of Association of the Bank, Dr. Sanjiv Misra be and is hereby appointed as a Non-Executive (Part – Time) Chairman of the Bank, for a period of five consecutive years, with effect from 12<sup>th</sup> May 2016 upto 11<sup>th</sup> May 2021 (both days inclusive) on the following terms and conditions, subject to the approval of the Reserve Bank of India."

<b>Particulars</b>	<b>: Amount</b>
Remuneration	: A remuneration in the band of ₹30,00,000 – ₹50,00,000 p.a. being fixed during his tenure with the remuneration to be determined by the Board. A remuneration of ₹30,00,000 p.a. for the first year of the said term.
Company Car	: Free use of Bank's car for official and private purposes
Touring	: Travelling and official expenses to be borne by the Bank for Board functions as a Chairman
Sitting Fees	: As payable to other Non-Executive Directors

**"RESOLVED FURTHER THAT** the Directors of the Bank be and are hereby severally authorised to execute all such agreements, documents, instruments and writings as deemed necessary, with the power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as it may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Officer (s) of the Bank, to give effect to this resolution."

13. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 152 and other applicable provisions of the Companies Act, 2013, the relevant rules made thereunder, applicable provisions of the Banking Regulation Act, 1949, (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, Shri Rajiv Anand (DIN 02541753), who was appointed as an Additional Director of the Bank, with effect from 12<sup>th</sup> May 2016 and who holds office as such upto the date of this Annual General Meeting and in respect of whom a notice under Section 160 of the Companies Act, 2013 read with Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014 has been received from a Member signifying his intention to propose Shri Rajiv Anand as a candidate for the office of Director of the Bank, be and is hereby appointed as a Director of the Bank, **AND THAT** Shri Rajiv Anand shall be liable to retire by rotation in terms of the relevant provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Bank."

14. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 196 and other applicable provisions of the Companies Act, 2013, the relevant rules made thereunder, relevant provisions of Section 35B and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, approval of the Members of the Bank be and is hereby accorded to the appointment of Shri Rajiv Anand (DIN 02541753) as the Whole-Time Director designated as the 'Executive Director (Retail Banking)' of the Bank, for a period of three years, with effect from 12<sup>th</sup> May 2016 up to 11<sup>th</sup> May 2019 (both days inclusive), subject to the approval of the Reserve Bank of India."

**"RESOLVED FURTHER THAT** pursuant to the provisions of Section 197, Schedule V of the Companies Act, 2013 and the relevant rules made thereunder, relevant provisions of Section 35B and other applicable provisions of the Banking Regulations Act, 1949, (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, Shri Rajiv Anand be paid remuneration by way of salary, allowances and perquisites as the Whole-Time Director designated as the 'Executive Director (Retail Banking)' of the Bank on the following terms and conditions, with effect from 12<sup>th</sup> May 2016 up to 11<sup>th</sup> May 2019 (both days inclusive), subject to the approval of the Reserve Bank of India."

<b>Particulars</b>	<b>: Amount</b>
Term	: From 12 <sup>th</sup> May 2016 upto 11 <sup>th</sup> May 2019 as the Executive Director (Retail Banking) of the Bank.
Salary	: ₹1,42,76,327 p.a.
Leave Fare Concession	: ₹5,50,000 p.a.
<b>Perquisites</b>	
House Rent Allowance	: ₹47,11,188 p.a. (in lieu of Bank's owned /leased accommodation)
Residence	: Leased accommodation to be provided by the Bank.

<b>Particulars</b>	<b>: Amount</b>
Provident Fund	: 12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees from time to time.
Gratuity	: One month's salary for each completed year of service or part thereof (On a pro-rata basis)
Superannuation	: 10% of basic pay p.a.
Travelling Allowances	: As per the Bank's policy
Medical benefits	: (i) Group mediclaim facility as available to other employees of the Bank. (ii) Reimbursement of full medical expenses for self and family
Club fees	: Membership of two clubs (excluding life membership fees). All official expenses in connection with such membership incurred would be reimbursed by the Bank.
Conveyance & Telephone	: As per the Bank's policy.
Personal Insurance	: Shall be covered under the Group Savings Linked Insurance Scheme (GSLI) and the Personal Accident Policy as per the Bank's rules.
Newspapers & Periodical	: As per requirement.
Entertainment	: Expenditure on official entertainment would be on the Bank's account.
Utility Bills	: To be reimbursed at actuals up to a limit of ₹1,32,000 p.a.
Furnishing Allowance	: At actuals upto a limit of ₹15,00,000 over a period of 3 years.
Car	: As per the Bank's policy
Leave	: As per the Bank's rule
Employees Stock Options (ESOP)	: Stock Options as may be decided by the Nomination and Remuneration Committee, from time to time, subject to the approval of the Reserve Bank of India.
Variable Pay	: As approved by the Nomination and Remuneration Committee/ Board, subject to the approval of the Reserve Bank of India.
Loans	: Loan facilities to be provided as per the Bank's policy, at the rate of interest applicable to other employees.
Other terms	: As per the Bank's staff rules and as may be agreed by the Board, from time to time.

**"RESOLVED FURTHER THAT** the Directors of the Bank be and are hereby severally authorised to execute all such agreements, documents, instruments and writings as deemed necessary, with the power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as it may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Officer (s) of the Bank, to give effect to this resolution."

15. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 152 and other applicable provisions of the Companies Act, 2013, the relevant rules made thereunder, applicable provisions of the Banking Regulation Act, 1949, (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, Shri Rajesh Dahiya (DIN 0007508488), who was appointed as an Additional Director of the Bank, with effect from 12<sup>th</sup> May 2016 and who holds office as such upto the date of this Annual General Meeting and in respect of whom a notice under Section 160 of the Companies Act, 2013 read with Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014 has been received from a Member signifying his intention to propose Shri Rajesh Dahiya as a candidate for the office of Director of the Bank, be and is hereby appointed as Director of the Bank, **AND THAT** Shri Rajesh Dahiya shall be liable to retire by rotation, in terms of the relevant provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Bank."

16. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 196 and other applicable provisions of the Companies Act, 2013, the relevant rules made thereunder, relevant provisions of Section 35B and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, approval of the Members



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of the Bank be and is hereby accorded to the appointment of Shri Rajesh Dahiya (DIN 0007508488) as the Whole-Time Director designated as the 'Executive Director (Corporate Centre)' of the Bank for a period of three years, with effect from 12<sup>th</sup> May 2016 up to 11<sup>th</sup> May 2019 (both days inclusive), subject to the approval of the Reserve Bank of India."

**"RESOLVED FURTHER THAT** pursuant to the provisions of Section 197, Schedule V of the Companies Act, 2013 and the relevant rules made thereunder, and applicable provisions of Section 35B and other applicable provisions of the Banking Regulations Act, 1949, (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, Shri Rajesh Dahiya be paid remuneration by way of salary, allowances and perquisites as the Whole-Time Director designated as 'Executive Director (Corporate Centre)' of the Bank on the following terms and conditions, with effect from 12<sup>th</sup> May 2016 up to 11<sup>th</sup> May 2019 (both days inclusive), subject to the approval of the Reserve Bank of India."

<b>Particulars</b>	<b>Amount</b>
Term	From 12 <sup>th</sup> May 2016 upto 11 <sup>th</sup> May 2019 as the Executive Director (Corporate Centre) of the Bank.
Salary	₹1,18,27,347 p.a.
Leave Fare Concession	₹5,50,000 p.a.
<b>Perquisites</b>	
House Rent Allowance	₹39,03,024 p.a. (in lieu of Bank's owned /leased accommodation)
Residence	Leased accommodation to be provided by the Bank.
Provident Fund	12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees from time to time.
Gratuity	One month's salary for each completed year of service or part thereof (On a pro-rata basis)
Superannuation	10% of basic pay p.a.
Travelling Allowances	As per the Bank's policy
Medical benefits	(i) Group mediclaim facility as available to other employees of the Bank. (ii) Reimbursement of full medical expenses for self and family
Club fees	Membership of two clubs (excluding life membership fees). All official expenses in connection with such membership incurred would be reimbursed by the Bank.
Conveyance & Telephone	As per the Bank's policy.
Personal Insurance	Shall be covered under the Group Savings Linked Insurance Scheme (GSLI) and the Personal Accident Policy as per the Bank's rules.
Newspapers & Periodical	As per requirement.
Entertainment	Expenditure on official entertainment would be on the Bank's account.
Utility Bills	To be reimbursed at actuals up to a limit of ₹1,32,000 p.a.
Furnishing Allowance	At actuals upto a limit of ₹15,00,000 over a period of 3 years.
Car	As per the Bank's policy
Leave	As per the Bank's rule
Employees Stock Options (ESOP)	Stock Options as may be decided by the Nomination and Remuneration Committee, from time to time, subject to the approval of the Reserve Bank of India.
Variable Pay	As approved by the Nomination and Remuneration Committee/ Board, subject to the approval of the Reserve Bank of India.
Loans	Loan facilities to be provided as per the Bank's policy, at the rate of interest applicable to other employees.
Other terms	As per the Bank's staff rules and as may be agreed by the Board, from time to time.

**"RESOLVED FURTHER THAT** the Directors of the Bank be and are hereby severally authorised to execute all such agreements, documents, instruments and writings as deemed necessary, with the power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as it may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Officer (s) of the Bank, to give effect to this resolution."

17. To consider and pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of the Sections 197 and 198 of the Companies Act, 2013, the relevant rules made thereunder, applicable provisions of the Banking Regulation Act, 1949 and the rules, guidelines and circulars issued by the Reserve Bank of India in this regard, from time to time, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the Articles of Association of the Bank, the Non Executive Directors of the Bank (excluding the Non-Executive (Part-time) Chairman) in addition to sitting fees being paid/payable to them for attending the meetings of the Board of Directors of the Bank or Committee(s) thereof, be entitled to be paid every year for a period of five years, with effect from 1<sup>st</sup> April 2015, profit related commission of an amount not exceeding ₹10 Lacs or such higher amount as may be prescribed by the Reserve Bank of India, from time to time and as determined by the Board of Directors of the Bank, subject to an overall ceiling of 1% (one percent) of the net profits of the Bank (computed in the manner referred to in Section 198 of the Companies Act, 2013)."

**"RESOLVED FURTHER THAT** the Directors of the Bank be and are hereby severally authorised to execute all such agreements, documents, instruments and writings as deemed necessary, with the power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as it may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Officer (s) of the Bank, to give effect to this resolution."

18. To consider and pass with or without modification(s), the following resolution, as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 42 and other applicable provisions of the Companies Act, 2013, the relevant rules made thereunder, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the applicable provisions of the Banking Regulation Act, 1949, (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), and the rules, guidelines and circulars issued by the Reserve Bank of India, in this regard, from time to time, the provisions of the Memorandum of Association and Articles of Association of the Bank and subject to receipt of such approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned statutory or regulatory authority(ies), the approval of the Members of the Bank be and is hereby accorded for borrowing/ raising funds in Indian currency/foreign currency by issue of debt instruments including but not limited to subordinated debt, senior unsecured long term bonds, green bonds, medium term notes and non-convertible debentures upto ₹35,000 crore (Rupees Thirty Five Thousand crore only) in domestic and/or overseas market, in one or more tranches, on a private placement basis during a period of one year from the date of passing of this Resolution, within the overall borrowing limits of the Bank, on such terms and conditions as may be approved by the Board of Directors of the Bank, from time to time."

**"RESOLVED FURTHER THAT** the Directors of the Bank be and are hereby severally authorised to negotiate, modify, finalise the terms and conditions for the issuance of the debt instruments and execute all such agreements, documents, instruments and writings as deemed necessary, including the private placement offer letter, information memorandum, disclosure documents, debenture subscription agreement, debenture trust deed and any other documents as may be required in connection with the offering(s), issuance(s) and/ or allotment(s) of debt instruments on a private placement basis , with the power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as it may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Committee of Director(s) and /or Officer (s) of the Bank, to give effect to this resolution."

**By Order of the Board**

**Place:** Mumbai  
**Date:** 12<sup>th</sup> May 2016

**Girish V. Koliyote**  
**Company Secretary**

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE BANK. THE INSTRUMENTS APPOINTING PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE BANK NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Registered Office of the Bank a certified copy of the Board Resolution authorising their representative to attend and vote at the Meeting on their behalf.
3. Proxy shall not have a right to speak at the Meeting and shall not be entitled to vote except on a poll.
4. A person appointed as Proxy shall act on behalf of not more than 50 Members and holding in aggregate not more than 10% of the total share capital of the Bank carrying voting rights. However, a Member holding more than 10% of the total share capital of the Bank carrying voting rights may appoint a single person as a Proxy and such Person shall not act as a Proxy for any other Person or Member.
5. Proxy in prescribed Form No. MGT-11 is enclosed herewith.
6. The Attendance at the Meeting will be regulated through the Attendance Slip and its verification with the records maintained with the Bank. Members who hold shares in dematerialised form are requested to quote their DP ID and Client ID numbers and those who hold shares in physical form are requested to quote their folio numbers, in the Attendance Slip to facilitate identification of Membership at the Meeting.
7. The relevant explanatory statement pursuant to the provisions of Section 102 of the Companies Act, 2013 in respect of item Nos. 5 to 18 of this Notice is annexed herewith. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and the Share Transfer Books of the Bank will remain closed from Saturday, 9<sup>th</sup> July 2016 to Monday, 22<sup>nd</sup> July 2016 (both days inclusive), for the purpose of payment of dividend.
8. In accordance with the provisions of Section 123 of the Companies Act, 2013, the dividend on equity shares as recommended by the Board of Directors of the Bank, for the year ended 31<sup>st</sup> March 2016, if approved by the shareholders at the Meeting, would be paid to those Members whose names appear in the Register of Members of the Bank/ the statements of beneficial ownership maintained by the Depositories as at the close of business hours on Friday, 8<sup>th</sup> July 2016. Remittance of dividend through DCS/ECS and dispatch of the dividend warrants would commence on Monday, 25<sup>th</sup> July 2016 and is expected to be completed on or before Friday, 5<sup>th</sup> August 2016.
9. Shareholders holding shares in physical form are requested to immediately notify change in their address, if any, to the Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Hyderabad (Karvy) at their address mentioned below or to the Registered Office of the Bank, quoting your Folio number(s).

In order to avoid fraudulent encashment of dividend warrants, the details of your Bank Account will be printed on the dividend warrants. We, therefore, request you to send to Karvy or to the Registered Office of the Bank, the Bank Mandate (providing details of name of the Bank, branch and place with PIN code No., where the account is maintained and the Bank Account No) or changes therein, if not provided earlier, under the signature of the Sole/First holder quoting their Folio number, on or before Friday, 8<sup>th</sup> July 2016.

The Bank is offering the facility of ECS/NECS in centres wherever available. The ECS Mandate Form is available on the Bank's website. This facility could also be used by the shareholders for receiving credit of the dividend.

10. Shareholders holding shares in dematerialised mode are requested to intimate all changes pertaining to their Bank details, ECS mandates, email addresses, nominations, power of attorney, change of address/name etc. to their Depository Participant (DP) only. Any changes effected by the DP will be automatically reflected in the record maintained by the Depositories.
11. Shareholders may avail of the Nomination Facility under Section 72 of the Companies Act, 2013. The relevant Nomination Form is available on the website of the Bank and the Shareholders may download the same or write to the Bank at its Registered Office, for the same.

12. Shareholders seeking any information with regard to the financial statements of the Bank are requested to write to the Bank at its Registered Office at an early date to enable the Management to keep the information ready.
13. SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of their Income Tax Permanent Account Number (PAN). Accordingly, all the Shareholders holding shares in physical form are requested to submit a photocopy of the PAN card duly attested alongwith the Share Transfer Deed, to Karvy.
14. In accordance with Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014, this Notice and the Annual Report of the Bank is being sent by e-mail to those Members who have registered their email address with their DP (in case of electronic shareholding) or with Karvy (in case of physical shareholding).

We, therefore request you to consider registering your email ID with your DP (in case of electronic holding) or with Karvy (in case of physical shareholding) mentioning your demat account details / Folio no.

However, in case you wish to receive the above documents in physical form, you may write to Karvy at the address mentioned below or send an email to [axisgogreen@karvy.com](mailto:axisgogreen@karvy.com), mentioning your demat account details / Folio no. The said documents will be sent to your registered address, free of cost.

The Shareholders may write to the Company Secretary at the Registered Office of the Bank or to Karvy regarding transfer of shares or for resolving their grievances, if any, at the below mentioned addresses:

**The Company Secretary,**  
**Axis Bank Limited [CIN: L65110GJ1993PLC020769]**

**Registered Office:**

'Trishul', 3<sup>rd</sup> Floor,  
Opp. Samartheshwar Temple,  
Near Law Garden,  
Ellisbridge, Ahmedabad – 380 006.  
Website: [www.axisbank.com](http://www.axisbank.com)  
Phone No. : +9179 - 66306161  
Fax No. : +9179 - 26409321  
Email: [shareholders@axisbank.com](mailto:shareholders@axisbank.com)

**Karvy Computershare Private Limited**

Unit: Axis Bank Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda,  
Hyderabad – 500 032.  
Phone No. : 1800-345-4001 and +9140 - 67162222  
Fax No. : +9140 - 23001153  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Contact Persons: Shri M.R.V. Subrahmanyam, General Manager (RIS) /  
Smt. Varalakshmi, Assistant General Manager (RIS)

15. Remote E-Voting:

- I. In compliance with the provisions of Clause 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Listing Regulations**") and Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended, the Bank is pleased to provide remote e-voting facility through Karvy, to enable its Members to cast their votes electronically on all the items mentioned in this Notice.
- II. Further, in terms of Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended, and the Listing Regulations, those Members who do not have access to remote e-voting facility, may convey their assent or dissent in writing in respect of the resolutions as set out in this Notice, by using the enclosed Ballot Form sent along with this Notice. A Member desiring to exercise his vote by way of Ballot Form can do so by recording his assent or dissent thereof and sending it to the Scrutinizer in the enclosed self-addressed pre-paid postage Business Reply Envelope. Postage charges will be borne and paid by the Bank. Please note that the said pre-paid postage Business Reply Envelope should reach the Scrutinizer before the close of business hours on Monday, 18<sup>th</sup> July 2016.
- III. The Bank has appointed Shri Nimai G. Shah, Chartered Accountant (Membership No. 100932) and Partner, Chandabhoy & Jassoobhoy, Chartered Accountants or failing him Shri Gautam N. Shah, Chartered Accountant (Membership No. 012679) and Partner, Chandabhoy & Jassoobhoy, Chartered Accountants as the Scrutinizer for conducting the remote e-voting process in a fair and transparent manner. Remote e-voting is optional. The voting rights of shareholders shall be in proportion of their shareholding to the paid up equity share capital of the Bank, subject to the provisions of the Banking Regulation Act, 1949, as on the cut-off date of Friday, 15<sup>th</sup> July 2016.
- IV. The instructions for remote e-voting are as under:
  - In case of Shareholders receiving Notice by e-mail:
    - (i) Enter the login credentials (i.e., User ID & Password) mentioned in the e-mail, your Folio / DPID & Client ID will be your USER ID. Please note that the password is an initial password.
    - (ii) To use the following URL for remote e-voting:

From Karvy website: <http://evoting.karvy.com>
    - (iii) Shareholders of the Bank holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.
    - (iv) Enter the login credentials. Your Folio No/DP ID Client ID will be your user ID.
    - (v) After entering the details appropriately, click on LOGIN.
    - (vi) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc., on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - (vii) You need to login again with the new credentials.
    - (viii) On successful login, the system will prompt you to select the EVENT i.e., Axis Bank Limited.
    - (ix) On the voting page, enter the number of shares as on the said cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially any number in AGAINST but the total number in FOR/ AGAINST taken together should not exceed your total shareholding. You may also choose the option ABSTAIN.
    - (x) Shareholders holding multiple folios/demat account shall choose the voting process separately for each folios/ demat account.



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- (xi) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Shareholders can login any number of times till they have voted on the Resolution.
  - (xii) Once the vote on the Resolution is cast by the Shareholder, he shall not be allowed to change it subsequently.
  - (xiii) Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to [cnjabd@vsnl.net](mailto:cnjabd@vsnl.net) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com).
  - (xiv) The remote e-voting period shall commence on Tuesday, 19<sup>th</sup> July 2016 (9.00 a.m.) and will end on Thursday, 21<sup>st</sup> July 2016 (5.00 p.m.). During this period shareholders' of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 15<sup>th</sup> July 2016, may cast their vote electronically. The remote e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a Resolution is cast by the Shareholder, the Shareholder shall not be allowed to change it subsequently. Further, the Shareholders who have cast their vote electronically may also attend the Meeting, however they shall not be able to vote at the Meeting.
  - (xv) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and remote e-voting User Manual for Shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Private Limited at Tel No. 1800 345 4001 (toll free).
- In case of Shareholders receiving Notice by Post/Courier:
- (i) Initial password is provided, as below, in the attendance slip of the Meeting.

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN

(ii) Please follow the steps stated at serial Nos. IV (ii) to IV (xv) above, to cast your vote by electronic means.

- V. Voting will also be conducted at the Meeting by way of Poll in accordance with Rule 20 of Companies (Management and Administration) Amendment Rules, 2015, to enable any Shareholder who has not cast his vote through remote e-voting or Ballot Form, to attend the Meeting and cast his vote thereat.
- VI. The Scrutinizer shall, immediately after the conclusion of voting at the Meeting, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting and by way of Ballot Form in the presence of at least two witnesses not in employment of the Bank and make not later than three days of conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour and against, if any, to any one of the Directors authorised by the Board, who shall countersign the same.
- VII. The Results in respect of the Resolutions stated in this Notice shall be declared after the Meeting and shall be deemed to have been passed on the date of declaration. The Results declared along with Scrutinizer's Report will be communicated to Stock Exchange immediately after the Results are declared by any one of the Directors authorised by the Board, on Friday, 22<sup>nd</sup> July 2016 at 6.00 p.m. at the Registered Office of the Bank. It will be simultaneously uploaded on the Bank's website i.e. [www.axisbank.com](http://www.axisbank.com) and that of Karvy's website i.e. [www.karvycomputershare.com](http://www.karvycomputershare.com) and will also be displayed at the Registered and the Corporate offices of the Bank.
16. All documents referred to in this Notice and Statement setting out material facts and other Statutory Registers are open for inspection by the Members at the Registered Office of the Bank from 11.00 a.m. to 1.00 p.m. viz. on all working days except Saturdays, Sundays, Public Holidays and National Holidays, from the date hereof upto the date of this Meeting.

**By Order of the Board**

**Place: Mumbai**  
**Date: 12<sup>th</sup> May 2016**

**Girish V. Koliyote**  
**Company Secretary**

## **Annexure to Notice - Statement under Section 102 of the Companies Act, 2013**

### **Item No. 5:**

Shri Rakesh Makhija was appointed as an Additional Independent Director of the Bank w.e.f. 27<sup>th</sup> October 2015. Under Section 161 of the Companies Act, 2013, read with Article 92 of the Articles of Association of the Bank, he continues to hold office as a Director of the Bank until the conclusion of the 22<sup>nd</sup> Annual General Meeting. As required under Section 160 of the Companies Act, 2013, the Bank has received a notice from a Member signifying his intention to propose Shri Rakesh Makhija as a candidate for the office of Director of the Bank along with the requisite deposit of ₹1,00,000. The Board of Directors at its Meeting held on 25<sup>th</sup> April 2016 had determined that Shri Rakesh Makhija is a fit and proper person as per the norms prescribed by the Reserve Bank of India, in this regard. The Board is also of the opinion that based on the declarations submitted by Shri Rakesh Makhija, he fulfils the criteria relating to his independence as specified in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Shri Rakesh Makhija does not hold any equity share of the Bank. The period of office of Shri Rakesh Makhija shall not be liable to determination by retirement of Directors by rotation, in terms of Section 149 (13) of the Companies Act, 2013 and the relevant rules made thereunder.

Brief profile of Shri Rakesh Makhija in terms of Regulation 36 (3) of the Listing Regulations has been provided after this Notice.

The Board recommends passing of the resolution as set out in Item No. 5 of this Notice.

Shri Rakesh Makhija is not related to any other Director of the Bank.

Except for Shri Rakesh Makhija and his relatives, none of the other Directors or the Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of this Ordinary Resolution.

### **Item No.6**

Smt. Ketaki Bhagwati was appointed as an Additional Independent Director of the Bank w.e.f. 19<sup>th</sup> January 2016. Under Section 161 of the Companies Act, 2013, read with Article 92 of the Articles of Association of the Bank, she continues to hold office as a Director of the Bank until the conclusion of the 22<sup>nd</sup> Annual General Meeting. As required under Section 160 of the Companies Act, 2013, the Bank has received a notice from a Member signifying his intention to propose Smt. Ketaki Bhagwati as a candidate for the office of Director of the Bank along with the requisite deposit of ₹1,00,000. The Board of Directors at its Meeting held on 25<sup>th</sup> April 2016 had determined that Smt. Ketaki Bhagwati is a fit and proper person as per the norms prescribed by the Reserve Bank of India, in this regard. The Board is also of the opinion that based on the declarations submitted by Smt. Ketaki Bhagwati, she fulfils, the criteria relating to her independence as specified in Section 149 (6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Smt. Ketaki Bhagwati does not hold any equity share of the Bank. The period of office of Smt. Ketaki Bhagwati shall not be liable to determination by retirement of Directors by rotation, in terms of Section 149 (13) of the Companies Act, 2013 and the relevant rules made thereunder.

Brief profile of Smt. Ketaki Bhagwati in terms of Regulation 36 (3) of the Listing Regulations has been provided after this Notice.

The Board recommends passing of the resolution as set out in Item No.6 of this Notice.

Smt. Ketaki Bhagwati is not related to any other Director of the Bank.

Except for Smt. Ketaki Bhagwati and her relatives, none of the other Directors or the Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of this Ordinary Resolution.

### **Item No.7**

Pursuant to the expiry of the tenure of Shri K.N. Prithviraj as the Non – Executive Director of the Bank (as a Nominee of SUUTI) on 8<sup>th</sup> January 2016, the Board of Directors at its meeting held on 19<sup>th</sup> January 2016 appointed Shri B. Babu Rao as the Additional Non - Executive Director of the Bank w.e.f. 19<sup>th</sup> January 2016, in terms of SUUTI's letter dated 4<sup>th</sup> December 2015. Under Section 161 of the Companies Act, 2013, read with Article 92 of the Articles of Association of the Bank, he continues to hold office as a Director of the Bank until the conclusion of the 22<sup>nd</sup> Annual General Meeting. As required under Section 160 of the Companies Act, 2013, the Bank has received a notice from a Member signifying his intention to propose Shri B. Babu Rao as a candidate for the office of Director of the Bank along with the requisite deposit of



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₹1,00,000. The Board of Directors at its Meeting held on 25<sup>th</sup> April 2016 had determined that Shri B Babu Rao is a fit and proper person as per the norms prescribed by the Reserve Bank of India, in this regard. Shri B. Babu Rao does not hold any equity share of the Bank.

Brief profile of Shri B. Babu Rao, in terms of the Regulation 36 (3) of the Listing Regulations has been provided after this Notice.

The Board recommends the passing of the resolution as set out in Item No.7 of this Notice.

Shri B. Babu Rao is not related to any other Director of the Bank.

Except for Shri B. Babu Rao and his relatives, none of the other Directors or the Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of this Ordinary Resolution.

### **Item No.8:**

The Shareholders of the Bank at the 21<sup>st</sup> Annual General Meeting held on 24<sup>th</sup> July 2015 had re-appointed Smt. Shikha Sharma as the Managing Director & CEO of the Bank for a period of three years, with effect from 1<sup>st</sup> June 2015 and approved the terms and conditions relating to her appointment, including remuneration, in terms of the approval granted by the Shareholders of the Bank at the previous Annual General Meeting and the Reserve Bank of India.

During the year ended 31<sup>st</sup> March 2016, under the leadership of Smt. Shikha Sharma, the Bank has shown all-round progress in terms of business growth, profitability, branch expansion, ATM network expansion and improved brand equity. In a competitive and dynamically changing industry it is critical for the Bank to draw on her expertise, knowledge and experience and given her exceptional track record and her being recognized as amongst the best business leaders in the country.

In view of above, the Nomination and Remuneration Committee, at its meeting held on 25<sup>th</sup> April 2016, reviewed the remuneration being paid to Smt. Shikha Sharma as the Managing Director & CEO of the Bank, in comparison with the remuneration of the CEOs of other peer group Banks and recommended a revision in her remuneration, for the approval of the Board.

The Board of Directors of the Bank at its meeting held on 25<sup>th</sup> April 2016 approved the revision in remuneration by way of salary, allowances and perquisites payable to Smt. Shikha Sharma as the Managing Director & CEO of the Bank, with effect from 1<sup>st</sup> June 2016, as set out in Item No. 8 of this Notice, subject to the approval of the Reserve Bank of India and the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting.

The Board recommends the passing of the resolution as set out in Item No. 8 of this Notice.

Smt. Shikha Sharma is not related to any other Director of the Bank.

Except for Smt. Shikha Sharma and her relatives, none of the other Directors or Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned with or interested in the passing of this Ordinary Resolution.

### **Item Nos. 9 & 10:**

The Board of Directors at its meeting held 24<sup>th</sup> July 2015 had re-appointed Shri V. Srinivasan as the Executive Director & Head (Corporate Banking) of the Bank, for a further period of 3 years, with effect from 15<sup>th</sup> October 2015, on the existing terms and conditions, subject to the approval of the Reserve Bank of India and the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting as his tenure as the Executive Director & Head (Corporate Banking) of the Bank, would have expired on 14<sup>th</sup> October 2015.

The Nomination and Remuneration Committee noted that under the leadership of Shri V. Srinivasan, the Corporate Banking business has shown all round progress in terms of business growth, asset quality and profitability. Shri V. Srinivasan is recognized as a deep domain expert with strong conceptual and analytical skills. With his sound and balanced judgment, he is able to take a long term view of the business and has systematically invested in creating systems and structures. He is highly regarded in the Banking industry and has been able to develop strong relationships with regulators, corporate clients and other customer groups, and accordingly the Nomination and Remuneration Committee recommended the re-designation of Shri V. Srinivasan as the Deputy Managing Director of the Bank, for the approval of the Board.

In order to maintain a robust pipeline of talent for leadership positions in the Bank and to facilitate development of officers by entrusting them with higher responsibilities, the Nomination and Remuneration Committee felt that it would be appropriate to create the post of Deputy Managing Director of the Bank, which was approved by the Board of Directors at its meeting held on 27<sup>th</sup> October 2015. At

the said meeting, the Board of Directors re-designated Shri V. Srinivasan as the Deputy Managing Director of the Bank, with effect from 15<sup>th</sup> October 2015 on the existing terms and conditions, subject to the approval of the Reserve Bank of India and the Shareholders of the Bank. Thereafter, in terms of the approval of the Reserve Bank of India, Shri V. Srinivasan took charge as the 'Deputy Managing Director' of the Bank, for a period of three years, with effect from 21<sup>st</sup> December 2015, subject to the approval of the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting.

In order to comply with the provisions of Section 152 of the Companies Act, 2013, Shri V. Srinivasan shall be liable to retire by rotation at the 22<sup>nd</sup> Annual General Meeting and being eligible has offered himself for re-appointment.

During the year, under the leadership of Shri V. Srinivasan, the Bank showed excellent results and the net profit of the Bank improved substantially. There has also been a rapid growth in the Large Corporate and Treasury businesses and Shri V. Srinivasan had consistently demonstrated potential to take up higher responsibilities and as such his current responsibilities have been widened to include Transaction Banking, International Banking and Stressed Assets.

In light of the above, the Nomination and Remuneration Committee at its meeting held on 25<sup>th</sup> April 2016, reviewed the remuneration being paid to Shri V. Srinivasan as the Deputy Managing Director of the Bank in comparison with the remuneration of other Executive Directors of peer group Banks and recommended a revision in his remuneration, for the approval of the Board.

The Board of Directors of the Bank at its meeting held on 25<sup>th</sup> April 2016, approved the revision in the remuneration by way of salary, allowance and perquisites payable to Shri V. Srinivasan as the Deputy Managing Director of the Bank, with effect from 1<sup>st</sup> June 2016, as set out in Item No.10 of this Notice, subject to the approval of the Reserve Bank of India and the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting.

Brief profile of Shri V. Srinivasan, in terms of Regulation 36(3) of the Listing Regulations has been provided after this Notice.

The Board recommends the passing of the resolutions as set out in Item Nos. 9 & 10 of this Notice.

Shri V. Srinivasan is not related to any other Director of the Bank.

Except for Shri V. Srinivasan and his relatives, none of the other Directors or Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the said Ordinary Resolutions.

### **Item Nos. 11 and 12**

The Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI) (erstwhile Unit Trust of India), Promoter of the Bank had at the time of incorporation of the Bank subscribed to its entire share capital. Thereafter, due to equity infusion by other investors in the months of September / October, 1994, the stake of SUUTI got diluted to 86.96% of the total paid up share capital of the Bank. Considering the said stake held by SUUTI in the Bank, Article 89 (1) of the Article of Association (AOA) of the Bank (as amended from time to time) had granted powers to SUUTI to nominate the Chairman and three other Directors on the Board of the Bank.

As on 31<sup>st</sup> March 2016, the stake of SUUTI in the Bank had got diluted to 11.53% of its total paid up share capital, mainly on account of fresh capital raised by the Bank by way of preferential allotment, QIP and GDR issuances, exercise of stock options by certain employees/ Whole time Directors of the Bank and also partial divestment of upto 9% of the total paid up share capital of the Bank by SUUTI in March 2014. Notwithstanding the said dilution, the original right of SUUTI to nominate the Chairman and three other Directors on the Board of the Bank, had remained unchanged.

In terms of the erstwhile Article 89 (1) of the AOA of the Bank, SUUTI had been nominating the Chairman and two other Directors and Life Insurance Corporation of India (LIC) had been nominating one Director, on the Board of the Bank.

Given the dilution in the stake of SUUTI, the Bank had represented to SUUTI that it would be in the interest of the Bank to enable each of SUUTI and LIC to have the right to nominate one director each on the Board of the Bank, and the right to appoint the Chairman should vest with the Board of Directors of the Bank, in line with the principles of corporate democracy and good governance.

Pursuant to the said representation, SUUTI vide their letter dated 8<sup>th</sup> March 2016,

- (i) Authorised the Board to appoint the Non-Executive Chairman of the Bank;
- (ii) Instead of SUUTI nominating four Directors, one Director each to be nominated by SUUTI and LIC; and

- (iii) For smooth transition, re-appointed Dr. Sanjiv Misra, as the Non-Executive (Part-Time) Chairman (NEC) of the Bank, for a period of three months, with effect from 8<sup>th</sup> March 2016.

Accordingly, the Board of Directors of the Bank on 10<sup>th</sup> March 2016 had approved the re-appointment of Dr. Sanjiv Misra as Non-Executive (Part-Time) Chairman of the Bank, for a period of 3 months, with effect from 8<sup>th</sup> March 2016, subject to the approval of the Reserve Bank of India and the Shareholders of the Bank. However, in terms of the approval granted by the Reserve Bank of India, the said appointment was approved for a period of three months, with effect from 11<sup>th</sup> March 2016.

The Board of Directors of the Bank on 31<sup>st</sup> March 2016 approved the draft Postal Ballot Notice to seek the approval of the Shareholders of the Bank (a) to re-appoint Dr. Sanjiv Misra as the Non-Executive (Part-Time) Chairman of the Bank for a period of three months, with effect from 8<sup>th</sup> March 2016 and the terms and conditions thereof, by means of an ordinary resolution; and (b) to amend Article 89(1) and other relevant provisions of the AOA of the Bank, by means of a special resolution.

The said resolutions were approved by the Shareholders of the Bank on 10<sup>th</sup> May 2016 with requisite majority through Postal Ballot, conducted in accordance with the relevant provisions of the Companies Act, 2013 and the relevant rules made thereunder.

Consequently, the rights of nomination available to SUUTI under erstwhile Article 89 (1) of the AOA of the Bank stands rescinded, and in terms of new Article 90 of the AOA of the Bank, SUUTI and LIC would have the right to nominate one director each on the Board of the Bank and the right to appoint the Chairman would vest with the Board of Directors of the Bank.

In light of the above, Dr. Sanjiv Misra submitted his resignation as the Non-Executive (Part-Time) Chairman of the Bank, (as the Nominee of SUUTI), with effect from 11<sup>th</sup> May 2016.

Taking into account the vast experience of Dr. Sanjiv Misra in the Indian Administrative Service, his rich and varied experience in various facets of Banking and Finance, and the key role played by him on matters relating to the Indian Economy; the Nomination and Remuneration Committee at its meeting held on 12<sup>th</sup> May 2016 had considered and recommended the appointment of Dr. Sanjiv Misra as an Additional Independent Director of the Bank and also as the Non – Executive (Part-time) Chairman of the Bank, for a period of five consecutive years, with effect from 12<sup>th</sup> May 2016 upto 11<sup>th</sup> May 2021 (both days inclusive) and the terms and conditions relating to the said appointment, including remuneration, for the approval of the Board.

The Board of Directors at its meeting held on 12<sup>th</sup> May 2016, considered and approved the appointment of Dr. Sanjiv Misra as an Additional Independent Director of the Bank to hold office as such upto the date of the 22<sup>nd</sup> Annual General Meeting and as the Non – Executive (Part-time) Chairman of the Bank, for a period of five consecutive years, with effect from 12<sup>th</sup> May 2016 upto 11<sup>th</sup> May 2021 (both days inclusive) and the terms and conditions relating to the said appointment, including remuneration, subject to the approval of the Reserve Bank of India and the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting.

Dr. Sanjiv Misra shall not be liable to retire by rotation, in terms of Section 149 (13) of the Companies Act, 2013 and the relevant rules made thereunder. Dr. Sanjiv Misra does not hold any equity share of the Bank.

In terms of Section 161 of the Companies Act, 2013, read with Article 92 of the AOA of the Bank, Dr. Sanjiv Misra continues to hold office as a Director of the Bank until the conclusion of the 22<sup>nd</sup> Annual General Meeting. As required under Section 160 of the Companies Act, 2013, the Bank had received a notice from a Member signifying his intention to propose Dr. Sanjiv Misra as a candidate for the office of Director of the Bank alongwith the requisite deposit of ₹1,00,000.

Whilst considering the proposal to appoint Dr. Sanjiv Misra as the Non-Executive (Part-Time) Chairman of the Bank, the Board determined that Dr. Sanjiv Misra is a fit and proper person as per the norms prescribed by the Reserve Bank of India. Based on the declarations submitted by Dr. Sanjiv Misra, the Board was of the opinion that Dr. Sanjiv Misra fulfills the criteria relating to independence as specified in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

In the opinion of the Board, Dr. Sanjiv Misra is a person of integrity and has the necessary knowledge, experience and expertise for being appointed as an Independent Director of the Bank.

The brief profile of Dr. Sanjiv Misra in terms of Regulation 36(3) of the Listing Regulations has been provided after this Notice.

The details of his shareholding in the Bank and his directorships, memberships and chairmanship of Committees of the Board in other companies are as follows:

<b>Name of the Director</b>	<b>Dr. Sanjiv Misra</b>
<b>Directorships held in other companies</b>	<b>Listed Companies</b> Akzo Nobel India Limited Hindustan Unilever Limited
<b>Position held in mandatory Committees (Audit Committee and Stakeholders Relationship Committee) of other companies</b>	<b>Akzo Nobel India Limited</b> Chairman – Audit Committee <b>Hindustan Unilever Limited</b> Member - Audit Committee
<b>Shareholding in the Bank</b>	<b>NIL</b>

The terms and conditions, including remuneration, relating to the appointment of Dr. Sanjiv Misra as the Non – Executive (Part-time) Chairman of the Bank, is available for inspection at the Registered Office of the Bank from 11.00 a.m. to 1.00 p.m. on all working days except Saturdays, Sundays, Bank Holidays and National Holidays, from the date hereof upto the date of the 22<sup>nd</sup> Annual General Meeting.

Dr. Sanjiv Misra is not related to any other Director of the Bank.

The Board recommends passing of the resolutions as set out in Item Nos. 11 and 12 of this Notice.

Except for Dr. Sanjiv Misra and his relatives, none of the Directors or Key Managing Personnel of the Bank and their relatives is in any way financially or otherwise concerned or interested in the passing of the said Ordinary Resolutions.

#### **Item Nos. 13 & 14**

Pursuant to the recommendation made by the Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 12<sup>th</sup> May 2016 approved the appointment of Shri Rajiv Anand as an Additional Director of the Bank to hold office as such upto the date of the 22<sup>nd</sup> Annual General Meeting and as the Whole Time Director designated as the 'Executive Director (Retail Banking)' of the Bank, for a period of three years, with effect from 12<sup>th</sup> May 2016 upto 11<sup>th</sup> May 2019 (both days inclusive) on the terms and conditions as set out in the Resolution nos. 13 & 14 of this Notice, subject to the approval of the Reserve Bank of India and the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting.

The Bank had received a notice under Section 160 of the Companies Act, 2013 from a Member signifying his intention to propose Shri Rajiv Anand as a candidate for the office of Director of the Bank along with the requisite deposit of ₹1,00,000.

Whilst considering the proposal to appoint Shri Rajiv Anand as aforesaid, the Board determined that Shri Rajiv Anand is a fit and proper person as per the norms prescribed by the Reserve Bank of India. It is also proposed that during the said tenure Shri Rajiv Anand will be liable to retire by rotation in terms of the provisions of Section 152 of the Companies Act 2013.

The brief profile of Shri Rajiv Anand, in terms of Regulation 36(3) of the Listing Regulations has been provided after this Notice.

Shri Rajiv Anand is a Member of the Committee of Whole - Time Directors of the Bank. Shri Rajiv Anand is not related to any other Director of the Bank.

The details of his shareholding in the Bank and his directorships, memberships and chairmanship of Committees of the Board in other companies are as follows:

<b>Name of Director</b>	<b>Shri Rajiv Anand</b>
<b>Directorships held in other companies</b>	<b>Unlisted Public Companies</b> <b>Axis Securities Limited</b>
<b>Position held in mandatory Committees (Audit Committee and Stakeholders Relationship Committee) of other companies</b>	<b>NIL</b>
<b>Shareholding in the Bank</b>	<b>3,10,000 equity shares</b>

The terms and conditions, including remuneration, relating to the appointment of Shri Rajiv Anand as the Whole Time Director designated as the 'Executive Director (Retail Banking)' of the Bank, is available for inspection at the Registered Office of the Bank from 11.00 a.m. to 1.00 p.m. on all working days except Saturdays, Sundays, Bank Holidays and National Holidays, from the date hereof up to the date of the 22<sup>nd</sup> Annual General Meeting.



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The Board recommends passing of the resolutions as set out in item nos 13 and 14 of this Notice.

Except for Shri Rajiv Anand and his relatives, none of the Directors or Key Managing Personnel of the Bank and their relatives is in any way financially or otherwise concerned or interested in the passing of the said Ordinary Resolutions.

**Item Nos. 15 & 16**

Pursuant to the recommendation made by the Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 12<sup>th</sup> May 2016, approved the appointment of Shri Rajesh Dahiya as an Additional Director of the Bank to hold office as such upto the date of the 22<sup>nd</sup> Annual General Meeting and as the Whole Time Director designated as the 'Executive Director (Corporate Centre)' of the Bank, for a period of three years, with effect from 12<sup>th</sup> May 2016 upto 11<sup>th</sup> May 2019 (both days inclusive) on the terms and conditions as set out in the Resolution nos. 15 and 16 of this Notice, subject to the approval of the Reserve Bank of India and the Shareholders of the Bank at the 22<sup>nd</sup> Annual General Meeting.

As required under Section 160 of the Companies Act, 2013, the Bank had received a notice from a Member signifying his intention to propose Shri Rajesh Dahiya as a candidate for the office of Director of the Bank alongwith the requisite deposit of ₹1,00,000.

Whilst considering the proposal to appoint Shri Rajesh Dahiya as the Executive Director (Corporate Centre) of the Bank, the Board determined that Shri Rajesh Dahiya is a fit and proper person as per the norms prescribed by the Reserve Bank of India.

It is also proposed that during the said tenure Shri Rajesh Dahiya will be liable to retire by rotation in terms of Section 152 of the Companies Act, 2013

The brief profile of Shri Rajesh Dahiya, in terms of Regulation 36(3) of the Listing Regulations has been provided after this Notice.

Shri Rajesh Dahiya is a Member of the Committee of Whole - Time Directors of the Bank. Shri Rajesh Dahiya is not related to any other Director of the Bank.

The details of his shareholding in the Bank and his directorships, memberships and chairmanship of Committees of the Board in other companies are as follows:

<b>Name of Director</b>	<b>Shri Rajesh Dahiya</b>
<b>Directorships held in other companies</b>	<b>NIL</b>
<b>Position held in mandatory Committees (Audit Committee and Stakeholders Relationship Committee) of other companies</b>	<b>NIL</b>
<b>Shareholding in the Bank</b>	<b>26,000 equity shares</b>

The terms and conditions, including remuneration, relating to the appointment of Shri Rajesh Dahiya as the Whole Time Director designated as the 'Executive Director (Corporate Centre)' of the Bank, is available for inspection at the Registered Office of the Bank from 11.00 a.m. to 1.00 p.m. on all working days except Saturdays, Sundays, Bank Holidays and National Holidays, from the date hereof up to the date of the 22<sup>nd</sup> Annual General Meeting.

The Board recommends passing of the resolutions as set out in item nos 15 and 16 of this Notice.

Except for Shri Rajesh Dahiya and his relatives, none of the Directors or Key Managing Personnel of the Bank and their relatives is in any way financially or otherwise concerned or interested in the passing of the said Ordinary Resolutions.

**Item No. 17**

The Reserve Bank of India vide Circular no. RBI/2014-15/617/DBR.No.BC.97/29.67.001/2014-15 dated 1<sup>st</sup> June, 2015 had issued guidelines on compensation for Non-Executive Directors (NED) (other than Non-Executive Chairman) of Private Sector Banks.

In terms of the said Circular, the Board of Directors of the Bank in consultation with the Nomination & Remuneration Committee is required to formulate and adopt a Comprehensive Compensation Policy for its Non-Executive Directors (NED). Further, whilst formulating the said policy, the Board is required to ensure compliance with the relevant provisions of the Companies Act, 2013. In terms of the said Policy, compensation can be paid to each NED of the Bank (other than Non-Executive Chairman) in the form of profit related commission, subject to the Bank making profits and within the overall limit of ₹10 lacs p.a.

Accordingly the Nomination & Remuneration Committee at its meeting held on 26<sup>th</sup> October 2015, had considered and reviewed, the Comprehensive Compensation Policy for the NED of the Bank and recommended the same for the approval of the Board. The Board of Directors of the Bank at its meeting held on 27<sup>th</sup> October 2015 considered and approved the Comprehensive Compensation Policy for the NED of the Bank, in terms of the said RBI Circular dated 1<sup>st</sup> June 2015.

Accordingly, the approval of the Members of the Bank is sought by means of an ordinary resolution as set out in Item No. 17 of this Notice.

The Board recommends passing of the ordinary resolution as set out in Item No. 17 of this Notice.

Except for the NED (other than the Non-Executive Chairman) of the Bank and their relatives, none of the other Directors nor the Key Managerial Personnel of the Bank and their relatives are in any way, concerned or interested, financially or otherwise, in the passing of this Ordinary Resolution.

**Item No. 18:**

Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 provides that a company can issue securities on a private placement basis subject to the condition that the proposed offer of securities or invitation to subscribe to securities has been previously approved by the Shareholders of the company, by means of a special resolution, for each of the offers or invitations. In case of an offer or invitation for non-convertible debentures, it shall be sufficient if the company passes special resolution only once in a year for all offer(s) or invitation(s) for such debentures on a private placement basis during the year.

Keeping in view the Bank's projections in domestic and overseas operations, the Bank may need to raise additional funds in one or more tranches in Indian as well as overseas market in the form of capital to maintain the desired capital to risk weighted assets ratio (CRAR) by issuing Tier I and Tier II debt instruments, senior unsecured long term bonds, green bonds, medium term notes and/or other debt instruments.

Considering the above, the Board of Directors of the Bank at its meeting held on 25<sup>th</sup> April 2016 has proposed to obtain the consent of the Members of the Bank for borrowing/raising funds in Indian currency/ foreign currency by issue of debt instruments in domestic and/ or overseas market, in one or more tranches as per the structure and within the limits permitted by the Reserve Bank of India and other regulatory authorities to eligible investors of an amount not exceeding ₹35,000 crore. The debt instruments would be issued by the Bank in accordance with the applicable statutory guidelines, for cash either at par or premium or at a discount to face value depending upon the prevailing market conditions.

The Board recommends passing of the special resolution as set out in Item No.18 of this Notice.

None of the Directors nor its Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the Special Resolution.

**By Order of the Board**

**Place: Mumbai  
Date: 12<sup>th</sup> May 2016**

**Girish V. Koliyote  
Company Secretary**

**Axis Bank Limited [CIN: L65110GJ1993PLC020769]**

**Registered Office:**

'Trishul', 3<sup>rd</sup> Floor, Opp. Samartheshwar Temple, Near Law Garden, Ellisbridge, Ahmedabad – 380 006.

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**BRIEF PROFILE OF DIRECTORS BEING APPOINTED/ RE-APPOINTED AS SET OUT IN THIS NOTICE IN TERMS OF THE LISTING REGULATIONS RELATING TO CORPORATE GOVERNANCE.**

**Shri. Rakesh Makhija:** Shri. Rakesh Makhija is a chemical engineer from the Indian Institute of Technology, New Delhi. During his career spanning over four decades, he has been an active participant and contributor to the industrial and technology sectors, both internationally and in India.

He has held a number of top management positions within the SKF Group. He was the President for the Industrial Market (Strategic Industries), and a member of the Group Executive Committee, a position that he held till December 2014. Prior to this, he was President of SKF Asia with overall responsibility for China and India. He started in this position in 2010 when he also became a member of SKF Group Management. He was the Managing Director of SKF India from 2002 till 2009. Under his leadership, SKF India more than tripled its sales and was recognized through numerous industry awards for market leadership, amongst them the prestigious 'CNBC Business Leader Award for Talent Management' in 2007.

Prior to joining SKF, he held a number of senior management positions within Tata Honeywell and Honeywell International, the global Industrial and Aerospace company. He was appointed as the Chief Executive Officer and Managing Director of Tata Honeywell in June 1997. In April 2000, he was appointed Country Manager and Managing Director of Honeywell International, with responsibilities for driving the company's growth in South Asia.

Prior to Honeywell, Shri Makhija worked with Kinetics Technology International BV (now Technip), a process engineering and contracting company in the Netherlands for over eight years. He is currently the Chairman of SKF India Ltd and also on the Board of Tata Technologies Ltd, TML Drivelines Ltd and Elecon Engineering Ltd. As on 31<sup>st</sup> March 2016, Shri Makhija is a member of the Audit Committee and Acquisitions, Divestments and Merger Committee of the Board of Directors of the Bank. He does not hold any Equity Share of the Bank.

**Smt. Ketaki Bhagwati:** Smt. Ketaki Bhagwati is a former Chief Investment Officer in the Financial Institutions Group at the International Finance Corporation (IFC), the private sector financing arm of the World Bank Group. She has over twenty four years of experience in private equity, M&A, debt & structured finance and distressed asset workouts across sectors in several regions including Asia, the Middle East & Africa.

Prior to IFC, she worked at the Credit Rating Information Services of India (CRISIL) in Mumbai. Smt. Bhagwati has a Bachelor of Arts from Wellesley College (USA) and a Master of Public Administration from Harvard University's John F. Kennedy School of Government. She is currently a member of the Wellesley College Business Leadership Council and Golden Seeds, an early stage investment firm with a focus on women leaders. As on 31<sup>st</sup> March 2016, Smt. Ketaki Bhagwati is a member of the Committee of Directors and Risk Management Committee of the Board of Directors of the Bank. She does not hold any Equity Share of the Bank.

**Shri B. Babu Rao:** Shri Babu Rao has more than 26 years of experience in the area of Finance, Capital Markets and Fund Management in UTI Mutual Fund. He is currently managing the activities of the Specified Undertaking of Unit Trust of India (SUUTI) on deputation from UTI Asset Management Company Ltd. During his career in SUUTI, he has handled various assignments and extensively worked in the areas of Project Finance, Investment Management, Offshore Funds, Venture Capital and Private Equity Funds, resolution of stressed assets and investor relations. Prior to joining UTI in the year 1989, he worked with Larsen & Toubro Ltd. for six years.

Shri Babu Rao holds Bachelor's degree in Engineering and has completed his PGDBM from the Indian Institute of Management, Ahmedabad. As on 31<sup>st</sup> March 2016, Shri B. Baburao is a member of the Stakeholders Relationship Committee and the Customer Service Committee of the Board of Directors of the Bank. He does not hold any Equity Share of the Bank.

**Shri V. Srinivasan:** Shri V. Srinivasan is a qualified engineer from the College of Engineering, Anna University, Chennai and completed his PGDBM from the Indian Institute of Management, Calcutta in 1990. Shri V. Srinivasan has more than 25 years of experience in the financial services sector. He started his career with ICICI Ltd in their Merchant Banking Division. He was part of the start-up team of ICICI Securities. He joined J P Morgan in the year 1999 and worked with them for 10 years. He was last MD and Head of Markets, J P Morgan Chase Bank, Mumbai. He has served on various RBI Committees such as the Technical Advisory Committee of RBI, Committee of Repos, STRIPS etc. He has also served as a Chairman of FIMMDA, the key self-regulatory body for bond and money markets and PDAL, the self regulatory organization for Primary Dealers. Currently, he is a Member of CII National Committee on Banking. He joined the Bank in September, 2009 as the Executive Director (Corporate Banking).

As on 31<sup>st</sup> March 2016, Shri V. Srinivasan is a member of the Committee of Directors, Committee of Whole Time Directors, Stakeholders Relationship Committee, Special Committee of the Board of Directors for monitoring of Large Value Frauds, IT Strategy Committee and Corporate Social Responsibility Committee of the Board of Directors of the Bank.

He is also on the Board of Axis Finance Ltd, Axis Trustee Services Ltd, Axis Bank UK Ltd, Axis Private Equity Ltd, Axis Capital Ltd and Axis Securities Europe Limited, subsidiary companies of the Bank. As on 31<sup>st</sup> March 2016, he holds 805,000 equity shares of ₹2/- each of the Bank.



## AXIS BANK

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Twenty Second Annual Report 2015-16

**Dr. Sanjiv Misra:** Dr. Sanjiv Misra graduated in Economics from St. Stephen's College, Delhi. He has a Master's degree in Economics from the Delhi School of Economics, a Master's degree in Public Administration from the Harvard Kennedy School, USA and a Ph.D from the Jawaharlal Nehru University, New Delhi. At Harvard University, he was designated Lucius N. Littauer Fellow of 1987 in recognition of exceptional academic strengths and leadership qualities. Dr. Misra was a member of the Indian Administrative Service for over 35 years during which period he held a wide range of key positions in the Federal and State Governments, including as Managing Director of the Gujarat Industrial Development Corporation and stints at senior levels in the Government of India in the Cabinet Office, the Ministry of Petroleum and the Ministry of Finance. He was a Secretary in the Ministry of Finance till his superannuation in 2008. Subsequently, he served as a Member of the 13<sup>th</sup> Finance Commission, a constitutional position with the rank of a Minister of State. Dr. Sanjiv Misra has been a member of the Advisory Council of the Asian Development Bank Institute, Tokyo. He was also a member of the Committee on Fiscal Consolidation (Kelkar Committee) set up by the Finance Minister in August 2012 to chart out a road map for fiscal consolidation for the Indian economy. He has a number of publications on policy issues to his credit.

**Shri Rajiv Anand:** Shri Rajiv Anand is a Commerce graduate and a Chartered Accountant by qualification. Shri Rajiv Anand has over 25 years of experience in the financial services industry. His portfolio includes Retail Liabilities, Retail Lending & Payments, Branch Banking, Retail Operations, Digital Banking, Marketing and Retail Products.

He has held key management positions at leading global financial institutions and has diverse experience in the financial services sector. He joined the Bank from its asset management arm, Axis Asset Management Co. Ltd, where he held the position of Managing Director & CEO. In his previous roles, he has managed Investments, Balance Sheet management & Money Market and Bond Trading. He has also been very successful as a Debt Fund Manager and has won several accolades for the same. He brings strengths in Finance and Banking and building new businesses to his responsibilities at the Bank. He holds 3,10,000 equity shares of ₹2/- each of the Bank.

**Shri Rajesh Dahiya:** Shri Rajesh Dahiya is a qualified engineer with a Masters in Management from Punjab University. Mr. Rajesh Dahiya has over 25 years of experience. In his current role, he supervises all functions under Corporate Center – Audit, Human Resources, Compliance, Company Secretary, Corporate Communications, Administration & Security, Corporate Real Estate Services, Chief Business Relations Officer (CBRO), Ethics & Sustainability and Law. In addition, he also oversees the functioning of Axis Bank Foundation.

Before joining Axis Bank in June 2010, he was associated with Tata Group for 20 years where he handled various responsibilities across functions such as Human Resources, Manufacturing, Exports, Distribution and Institutional Sales. His last assignment before joining Axis Bank was with Tata Tea Limited where he was responsible for integrating various products of Tata Tea, Himalaya & Tetley under a common distribution channel. In his earlier role in Tata Group, he was Vice President - Group Talent Acquisition and Head - Tata Administrative Services (TAS). He also headed the Human Resources function for Rallis India Pvt. Ltd.

He has played a pivotal role in strengthening the regulatory interface and driving the Human Capital strategy of the Bank. In addition he works closely with the Board of Directors and various Committees to ensure their smooth functioning. He holds 26,000 equity shares of ₹2/- each of the Bank.

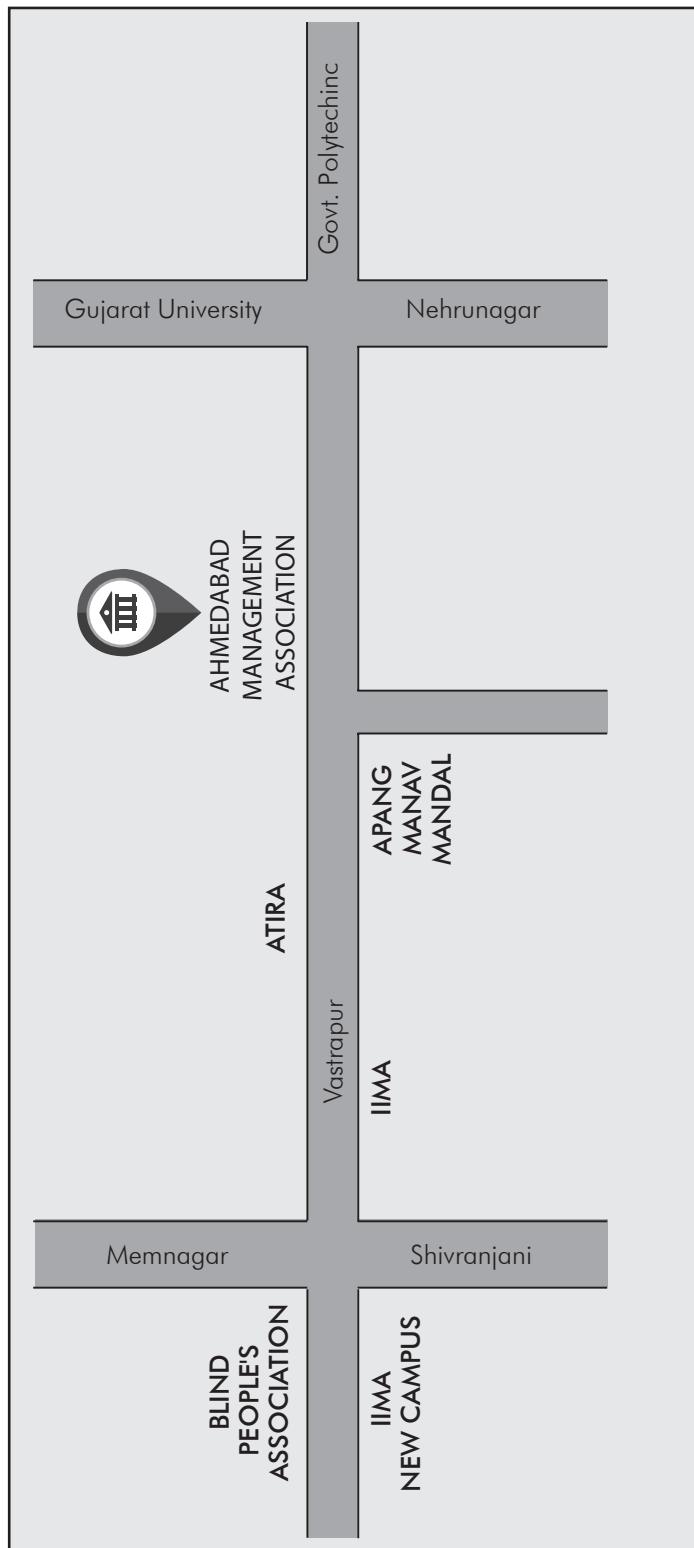


## AXIS BANK

### Twenty Second Annual Report 2015-16

Map showing location of the venue of the 22<sup>nd</sup> Annual General Meeting of the Bank

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





Twenty Second Annual Report 2015-16

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## NOTES

## NOTES



**Form No. MGT-11**  
**Proxy Form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014, as amended]

CIN	L65110GJ1993PLC020769
Name of the Company	Axis Bank Limited
Registered Office	'Trishul', 3 <sup>rd</sup> Floor, Opp. Samartheshwar Temple, Near Law Garden, Ellisbridge, Ahmedabad – 380006. Phone No.: +91 79-66306161; Fax No.: +91 79-26409321 Email Address: <a href="mailto:shareholders@axisbank.com">shareholders@axisbank.com</a> ; Website Address: <a href="http://www.axisbank.com">www.axisbank.com</a>

Name of the Shareholder (s):

Registered Address:  
E-mail Address:  
Folio No./ Client ID: DP ID :

I/We, being the holder (s) of ..... equity shares of the above named company, hereby appoint

1. Name:  
Address:  
E-mail Address: \_\_\_\_\_ or failing him  
Signature: \_\_\_\_\_
2. Name:  
Address:  
E-mail Address: \_\_\_\_\_ or failing him  
Signature: \_\_\_\_\_
3. Name:  
Address:  
E-mail Address: \_\_\_\_\_ Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22<sup>nd</sup> Annual General Meeting of the Company, to be held on the 22<sup>nd</sup> July 2016 at 10.00 a.m. at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015 and at any adjournment(s) thereof, in respect of the resolution(s) as indicated below:

Sr. No.	Particulars of Resolutions	Sr. No.	Particulars of Resolutions
1.	To receive, consider and adopt : (a) the audited financial statements of the Bank for the financial year ended 31 <sup>st</sup> March 2016 and the Reports of the Board of Directors and the Auditors thereon; and (b) the audited consolidated financial statements for the financial year ended 31 <sup>st</sup> March 2016 and the Report of the Auditors thereon.	2.	Declaration of dividend on the Equity Shares of the Bank.
3.	Appointment of a Director in place of Shri V. Srinivasan (DIN 00033882), who retires by rotation and being eligible, has offered himself for re-appointment.	4.	Ratification of the appointment of M/s. S. R. Batliboi & Co LLP, Chartered Accountants, Mumbai, (Membership No. 301003E) as the Statutory Auditors of the Bank to hold office as such from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, subject to the approval of the Reserve Bank of India.
5.	Appointment of Shri Rakesh Makija (DIN 00117692) as an Independent Director of the Bank, for a period of five consecutive years w.e.f. 27 <sup>th</sup> October 2015 upto 26 <sup>th</sup> October 2020.	6.	Appointment of Smt. Ketaki Bhagwati (DIN 07367868) as an Independent Director of the Bank, for a period of five consecutive years w.e.f. 19 <sup>th</sup> January 2016 upto 18 <sup>th</sup> January 2021.
7.	Appointment of Shri B. Babu Rao (DIN 00425793) as a Non – Executive Director of the Bank.	8.	Revision in the remuneration payable to Smt. Shikha Sharma (DIN 00043265) as the Managing Director & CEO of the Bank, w.e.f. 1 <sup>st</sup> June 2016, subject to the approval of the Reserve Bank of India.

Sr. No.	Particulars of Resolutions	Sr. No.	Particulars of Resolutions
9.	Re-appointment of Shri V. Srinivasan (DIN 00033882) as the Whole Time Director designated as the 'Executive Director & Head (Corporate Banking)' of the Bank, from 15 <sup>th</sup> October 2015 upto 20 <sup>th</sup> December 2015 and thereafter as the Whole Time Director designated as the 'Deputy Managing Director' of the Bank, for a period of three years w.e.f. 21 <sup>st</sup> December 2015 upto 20 <sup>th</sup> December 2018, in terms of the approval granted by the Reserve Bank of India.	10.	Revision in the remuneration payable to Shri V. Srinivasan (DIN 00033882) as the Whole Time Director designated as the 'Deputy Managing Director' of the Bank, w.e.f. 1 <sup>st</sup> June 2016, subject to the approval of the Reserve Bank of India.
11.	Appointment of Dr. Sanjiv Misra (DIN 03075797) as an Independent Director of the Bank, for a period of five consecutive years w.e.f. 12 <sup>th</sup> May 2016 upto 11 <sup>th</sup> May 2021.	12.	Appointment of Dr. Sanjiv Misra (DIN 03075797) as the Non Executive (Part-Time) Chairman of the Bank, for a period of five consecutive years w.e.f. 12 <sup>th</sup> May 2016 upto 11 <sup>th</sup> May 2021, subject to the approval of the Reserve Bank of India.
13.	Appointment of Shri Rajiv Anand (DIN 02541753) as a Director of the Bank.	14.	Appointment of Shri Rajiv Anand (DIN 02541753) as the Whole Time Director designated as the 'Executive Director (Retail Banking)' of the Bank, for a period of three years w.e.f. 12 <sup>th</sup> May 2016 upto 11 <sup>th</sup> May 2019, subject to the approval of the Reserve Bank of India.
15.	Appointment of Shri Rajesh Dahiya (DIN 0007508488) as a Director of the Bank.	16.	Appointment of Shri Rajesh Dahiya (DIN 0007508488) as the Whole Time Director designated as the 'Executive Director (Corporate Centre)' of the Bank, for a period of three years w.e.f. 12 <sup>th</sup> May 2016 upto 11 <sup>th</sup> May 2019, subject to the approval of the Reserve Bank of India.
17.	Payment of Profit Related Commission to the Non-Executive Directors (excluding the Non Executive Chairman) of the Bank, for a period of five years w.e.f. 1 <sup>st</sup> April 2015.	18.	Borrowing/Raising funds in Indian Currency/Foreign Currency by issue of Debt Instruments including but not limited to bonds, green bonds and non-convertible debentures for an amount of upto ₹35,000 crore.

Signed this ..... day of ..... 2016.

Signature of Shareholder: \_\_\_\_\_



Signature of Proxy holder: \_\_\_\_\_

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Bank, not less than 48 hours before the commencement of this Annual General Meeting.**

**Form No. MGT-12****Polling Paper**

[Pursuant to Section 109(5) of the Companies Act, 2013 and Rule 21 (1) (c) of the Companies (Management and Administration) Rules 2014, as amended]

Name of the Company	:	Axis Bank Limited
CIN	:	L65110GJ1993PLC020769
Registered Office	:	'Trishul', 3 <sup>rd</sup> Floor, Opp. Samartheshwar Temple, Near Law Garden, Ellisbridge, Ahmedabad – 380 006,
Phone	:	+9179-6630 6161
Fax	:	+9179-2640 9321
Email Address	:	<a href="mailto:shareholders@axisbank.com">shareholders@axisbank.com</a> ,
Website Address	:	<a href="http://www.axisbank.com">www.axisbank.com</a>

S No	Particulars	Details
1	Name(s) of the First Named Shareholder (in block letters):	
2	Postal Address:	
3	Registered Folio No./DP ID No./ Client ID No.* (*Applicable to Shareholder(s) holding share(s) in dematerialized form):	
4	Class of Share:	

I hereby exercise my vote in respect of the ordinary/special resolution enumerated below, by recording my assent or dissent to the said resolution in the following manner:

Item No.	Particulars of the Resolutions	No. of Share(s) held by me	I assent to the Resolution	I dissent to the Resolution
1.	<b>Ordinary Resolution:</b> To receive, consider and adopt :  (a) the audited standalone financial statements of the Bank for the financial year ended 31 <sup>st</sup> March 2016 and the Reports of the Directors and the Auditors thereon; and  (b) the audited consolidated financial statements of the Bank for the financial year ended 31 <sup>st</sup> March 2016 and the Report of the Auditors thereon.			
2.	<b>Ordinary Resolution:</b> Declaration of dividend on the Equity Shares of the Bank.			
3.	<b>Ordinary Resolution:</b> Appointment of a Director in place of Shri V. Srinivasan (DIN 00033882), who retires by rotation and being eligible, has offered himself for re-appointment.			
4.	<b>Ordinary Resolution:</b> Ratification of the appointment of M/s. S. R. Batliboi & Co LLP, Chartered Accountants, Mumbai, (Membership No. 301003E) as the Statutory Auditors of the Bank to hold office as such from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, subject to the approval of the Reserve Bank of India.			
5.	<b>Ordinary Resolution:</b> Appointment of Shri Rakesh Makija (DIN 00117692) as an Independent Director of the Bank, for a period of five consecutive years w.e.f. 27 <sup>th</sup> October 2015 upto 26 <sup>th</sup> October 2020.			
6.	<b>Ordinary Resolution:</b> Appointment of Smt. Ketaki Bhagwati (DIN 07367868) as an Independent Director of the Bank, for a period of five consecutive years w.e.f. 19 <sup>th</sup> January 2016 upto 18 <sup>th</sup> January 2021.			

Item No.	Particulars of the Resolutions	No. of Share(s) held by me	I assent to the Resolution	I dissent to the Resolution
7	<b>Ordinary Resolution:</b> Appointment of Shri B. Babu Rao (DIN 00425793) as a Non-Executive Director of the Bank.			
8	<b>Ordinary Resolution:</b> Revision in the remuneration payable to Smt. Shikha Sharma (DIN 00043265) as the Managing Director & CEO of the Bank, w.e.f. 1 <sup>st</sup> June 2016, subject to the approval of Reserve Bank of India.			
9	<b>Ordinary Resolution:</b> Re-appointment of Shri V. Srinivasan (DIN 00033882) as the Whole Time Director designated as the 'Executive Director & Head (Corporate Banking)' of the Bank, from 15 <sup>th</sup> October 2015 upto 20 <sup>th</sup> December 2015 and thereafter as the Whole Time Director designated as the 'Deputy Managing Director' of the Bank, for a period of three years w.e.f. 21 <sup>st</sup> December 2015 upto 20 <sup>th</sup> December 2018, in terms of the approval granted by the Reserve Bank of India.			
10	<b>Ordinary Resolution:</b> Revision in the remuneration payable to Shri V. Srinivasan (DIN 00033882) as the Whole Time Director designated as the 'Deputy Managing Director' of the Bank, w.e.f. 1 <sup>st</sup> June 2016, subject to the approval of the Reserve Bank of India.			
11	<b>Ordinary Resolution:</b> Appointment of Dr. Sanjiv Misra (DIN 03075797) as an Independent Director of the Bank, for a period of five consecutive years w.e.f. 12 <sup>th</sup> May 2016 upto 11 <sup>th</sup> May 2021.			
12	<b>Ordinary Resolution:</b> Appointment of Dr. Sanjiv Misra (DIN 03075797) as the Non Executive (Part-Time) Chairman of the Bank, for a period of five consecutive years w.e.f. 12 <sup>th</sup> May 2016 upto 11 <sup>th</sup> May 2021, subject to the approval of the Reserve Bank of India.			
13	<b>Ordinary Resolution:</b> Appointment of Shri Rajiv Anand (DIN 02541753) as a Director of the Bank.			
14	<b>Ordinary Resolution:</b> Appointment of Shri Rajiv Anand (DIN 02541753) as the Whole Time Director designated as the 'Executive Director (Retail Banking)' of the Bank, for a period of three years w.e.f. 12 <sup>th</sup> May 2016 upto 11 <sup>th</sup> May 2019, subject to the approval of the Reserve Bank of India.			
15	<b>Ordinary Resolution:</b> Appointment of Shri Rajesh Dahiya (DIN 0007508488) as a Director of the Bank.			
16	<b>Ordinary Resolution:</b> Appointment of Shri Rajesh Dahiya (DIN 0007508488) as the Whole Time Director designated as the 'Executive Director (Corporate Centre)' of the Bank, for a period of three years w.e.f. 12 <sup>th</sup> May 2016 upto 11 <sup>th</sup> May 2019, subject to the approval of the Reserve Bank of India.			
17	<b>Ordinary Resolution:</b> Payment of profit related commission to the Non-Executive Directors (excluding the Non Executive Chairman) of the Bank, for a period of five years w.e.f. 1 <sup>st</sup> April 2015.			
18	<b>Special Resolution:</b> Borrowing/Raising funds in Indian Currency/Foreign Currency by issue of Debt Instruments including but not limited to bonds, green bonds and non-convertible debentures for an amount of upto ₹35,000 crore.			

Place :

Date :

Signature of the Shareholder

# Instructions

1. A Shareholder desiring to exercise his vote by Ballot Form may complete this Ballot Form and send it to the Scrutinizer in the attached self-addressed business reply envelope. Postage will be borne and paid by the Bank. However, envelopes containing Ballot Form, if sent by courier or by registered post at the expense of the Shareholder will also be accepted.
2. The self-addressed business reply envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Bank.
3. This Ballot Form should be completed and signed by the Shareholder as per the specimen signature registered with the Registrar & Share Transfer Agent, or the Depository Participant. In case of joint holding, this Ballot Form should be completed and signed by the first named Shareholder and in his absence, by the next named joint Shareholder.
4. There will be only one Ballot Form for every Folio / Client ID irrespective of number of joint holders.
5. The votes should be casted either in favour or against by putting the tick (V) mark in the column provided for assent or dissent. Ballot Form bearing tick marks in both the columns for the same shares will render the Ballot Form invalid.
6. Unsigned, incorrectly signed or incomplete Ballot Forms will be rejected.
7. Duly completed Ballot Form should reach the Scrutinizer not later than 17:00 hours (IST) on Monday, 18<sup>th</sup> July 2016. Ballot Forms received after this date and time will be treated as if the reply from the Shareholder has not been received.
8. Voting rights shall be reckoned on the number of shares registered in the name of the Shareholder as on Friday, 15<sup>th</sup> July 2016, in terms of the Companies (Management and Administration) Rules, 2014, as amended.
9. Ballot Forms signed in the representative capacity must be accompanied by the requisite certified true copy of power of attorney / resolution of Board of Directors of the Corporate Shareholder being represented. If the same is / are already registered with the Registrar & Share Transfer Agent, please quote the registration no. beneath the signature.
10. Shareholders are requested not to send any other paper along with the Ballot Form. They are also requested not to write anything on the Ballot Form except giving their assent or dissent and putting their signature.
11. E -Voting: The Bank is pleased to offer the e-voting facility. The process to be followed is explained in the Notice dated 12<sup>th</sup> May 2016 convening the 22<sup>nd</sup> Annual General Meeting of the Bank to be held on 22<sup>nd</sup> July 2016 at Ahmedabad.
12. The Scrutinizer's decision on the validity of a ballot shall be final and binding on the Bank and all the Shareholders.
13. The consolidated results of e-voting, through Ballot Form and by way of Poll at the said Annual General Meeting will be uploaded on the Bank's website [www.axisbank.com](http://www.axisbank.com) for the information of the Shareholders and communicated to the Stock Exchanges where the Bank's shares are listed, in terms of the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.





Registered Office: 'Trishul', 3<sup>rd</sup> Floor, Opp. Samartheshwar Temple,  
Near Law Garden, Ellisbridge, Ahmedabad – 380 006.  
CIN - L65110GJ1993PLC020769  
Tel No. +9179 – 66306161, Fax No. +9179 – 26409321.  
Email Address - [shareholders@axisbank.com](mailto:shareholders@axisbank.com), Website Address - [www.axisbank.com](http://www.axisbank.com)

**ATTENDANCE SLIP**

Please bring this Attendance Slip to the Meeting and hand it over at the entrance.

I/We hereby record my/our presence at the 22<sup>nd</sup> Annual General Meeting of Axis Bank Limited held at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015 on Friday, 22<sup>nd</sup> July 2016 at 10.00 a.m.

Name of the Shareholder(s) :

Registered Address of the Shareholder(s) :

Ledger Folio No./CL ID/DP ID No. :

Number of shares held :

Name of the Proxy/Representative, if any :

Signature of the Shareholder(s) / Proxy :

Signature of the Representative :

.....

**FOR IMMEDIATE ATTENTION OF THE SHAREHOLDERS**

Shareholder(s) may please note the user ID and password have been given below for the purpose of e-voting in terms of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended. Detailed instructions for e-voting are given in the Notice dated 12<sup>th</sup> May 2016 convening the 22<sup>nd</sup> Annual General Meeting.

E VOTING EVENT NUMBER	USER ID	PASSWORD
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