AXIS BANK

AXIS/CO/CS/322/2017-18

31st July, 2017

The Deputy General Manager (Listing)
BSE Limited
1st Floor, New Trading Ring, Rotunda Building
P. J. Towers, Dalal Street
Fort, Mumbai – 400 001

Attn.: Shri Bhushan Mokashi

Dear Sir(s),

SUB: ANNUAL REPORT OF AXIS BANK LIMITED FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

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

This is in furtherance to our letter no. AXIS/CO/CS/173/2017-18 on the captioned subject.

In this regard, we wish to inform you that the 23rd Annual General Meeting (AGM) of the Bank was held on 26th July 2017 at 09:30 A.M. at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015, Gujarat.

We are pleased to inform you that all the resolutions as set out in the Notice dated 15th May 2017 has been approved by the Shareholders with the requisite majority as mandated under the provisions of the Companies Act, 2013 and the relevant Rules made thereunder.

In terms of Regulation 34 (1) of the Listing Regulations, please find enclosed herewith a soft copy of the Annual Report of the Bank for the Financial Year 2016-17 along with all the reports and annexures thereon and Business Responsibility Report of the Bank for the Financial Year 2016-17.

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

Kindly acknowledge receipt.

Thanking you.

Yours sincerely,
For Axis Bank Limited.

Girish V Koliyote
Company Secretary

OUR CUSTOMERS

OUR WORLD

AXIS BANK

Annual Report 2016-17

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Axis Bank is India's third largest private sector bank, offering a comprehensive suite of financial products. Headquartered at Mumbai, the Bank has 3,304 branches, 14,163 ATMs and nine international offices. The Bank employs over 56,000 people and had a market capitalisation of ₹117,548 crores (as on 31 March, 2017).

14% ↑ OPERATING REVENUE

9% ↑ OPERATING PROFITS

11% ↑ TOTAL ASSETS

16% ↑ TOTAL DEPOSITS

10% ↑ TOTAL ADVANCES

↑ Represents YoY growth for FY 2016-17

EXPLORE ONLINE: https://www.axisbank.com

https://www.facebook.com/axisbank

https://twitter.com/axisbank

OUR CUSTOMERS. OUR WORLD.

At Axis Bank, customer centricity has always been the fulcrum and foundation of our business. Despite challenges, industry uncertainties, regulatory constraints, technological changes, and economic volatilities, we have never lost sight of this critical maxim that defines our DNA.

We have consistently addressed the requirements of a diverse customer cross-section with proactiveness and integrity, even when we needed to perform on an enormous scale, and go beyond our brief.

Our efforts are powered by robust infrastructure, advanced technology, a comprehensive monitoring and control framework and a large talent pool. Empathy and efficiency are the pivots that drive our customer centricity at and beyond branches.

We are recalibrating our lending strategy, investing in technology upgradation and expanding our footprint to make a material difference to customers. At the same time, our commitment to highest standards of ethics and governance safeguard their interests round the clock.

We are helping individuals, families, businesses, and communities to prosper. We are investing in their long-term success and ensuring a sustainable business for our stakeholders. Besides, we are setting measurable targets in areas we believe we can make a difference as a bank and as a corporate citizen.

The trust that our customers and stakeholders have placed in us remains our strongest anchor, encouraging us to deliver value and improve our products and service proposition every step of the way.

Notwithstanding adversities, our customer focus remains unwavering. And we will continue to be close to our customers in good times and bad.

AXIS BANK AT A GLANCE

Incorporated in 1994, Axis Bank has emerged as one of India's most trusted banks and the third largest in the private sector. It is among the country's first new generation private sector banks, and offers the entire spectrum of financial services to customer segments, spanning large and mid-corporates, SME and retail businesses.

Over the years, the Bank has developed long-term relationships with its customers by being their preferred financial solutions partner, leveraging deep insights and superior services.

Axis Bank has also taken significant steps to simplify banking for its customers by the smart use of technology. The Bank has always focused on meeting the financial needs of its customers by providing high-quality products and services through regular customer engagements.

The Bank has nine international offices with branches at Singapore, Hong Kong, Dubai, Colombo and Shanghai. It has representative offices at Dubai, Abu Dhabi, Dhaka and an overseas subsidiary at London, UK. The international offices focus on corporate lending, trade finance, syndication and investment banking and liability businesses.

Our vision

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

Our core values

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

Customer Centricity, Ethics, Transparency, Teamwork, Ownership

3rd
LARGEST PRIVATE SECTOR BANK IN INDIA

₹601,468 crs
BALANCE SHEET SIZE

₹414,379 crs
TOTAL DEPOSITS

₹167,993 crs
TOTAL RETAIL ADVANCES

₹373,069 crs
TOTAL ADVANCES

₹117,548 crs
MARKET CAPITALISATION

14.95%
CAPITAL ADEQUACY RATIO

11.87%
TIER - I CAPITAL ADEQUACY RATIO

202 lakhs
SAVINGS BANK CUSTOMERS

1.7 million
CURRENT ACCOUNTS

56,617
EMPLOYEE BASE

Standalone figures as on/for the year ended 31.3.2017

BUSINESS SEGMENTS

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

AXIS BANK

CORPORATE BANKING

Axis Bank provides comprehensive corporate banking solutions with presence across the value chain, comprising credit, transaction banking, treasury, syndication, investment banking and trustee services.

Presence Across the Value Chain

Credit

The Bank offers various loan and fee-based products and services to Large and Mid-corporate clients 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 (current accounts, certificates of deposits and time deposits, among others) are also offered to large and mid-corporate segments.

Transaction Banking

The Transaction Banking group (TxB) focuses on flow businesses within Corporate Banking to provide effective service to the customers and to offer efficient client management and product solutions. 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 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. These include derivative instruments such as forward contracts, interest rate swaps, currency swaps and foreign currency options.

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.

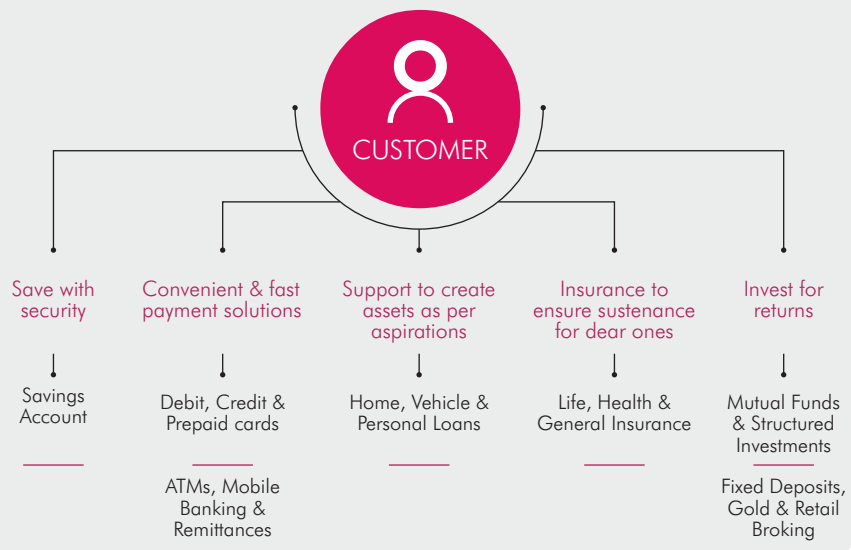
Investment Banking and Trustee Services

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, mergers and acquisitions advisory. Axis Trustee Services Limited is engaged in trusteeship activities, acting as debenture trustee and as trustee to various securitisation trusts.

RETAIL BANKING

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 end-to-end retail customer requirements through retail liabilities, retail lending and investment products.

Capturing End-to-End Customer Requirements



Retail Deposits

Retail liability products include savings accounts, time deposits and customised products for 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, Health and General Insurance) through its branches. 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.

KEY PERFORMANCE INDICATORS

Total Deposits

(₹ in crores)

2016-17	414,379
2015-16	357,968
2014-15	322,442
2013-14	280,945
2012-13	252,614

CAGR (5 Years) **13%**

Savings Bank Deposits

(₹ in crores)

2016-17	126,048
2015-16	105,793
2014-15	88,292
2013-14	77,776
2012-13	63,778

CAGR (5 Years) **20%**

Current Account Deposits

(₹ in crores)

2016-17	87,002
2015-16	63,652
2014-15	56,108
2013-14	48,686
2012-13	48,322

CAGR (5 Years) **17%**

CASA

(₹ in crores)

2016-17	213,050
2015-16	169,445
2014-15	144,400
2013-14	126,462
2012-13	112,100

CAGR (5 Years) **18%**

Total Advances

(₹ in crores)

2016-17	373,069
2015-16	338,774
2014-15	281,083
2013-14	230,067
2012-13	196,966

CAGR (5 Years) **17%**

Retail Advances

(₹ in crores)

2016-17	167,993
2015-16	138,521
2014-15	111,932
2013-14	88,028
2012-13	65,497

CAGR (5 Years) **28%**

Total Assets/Liabilities

(₹ in crores)

2016-17	601,468
2015-16	539,821
2014-15	461,932
2013-14	383,245
2012-13	340,561

CAGR (5 Years) **16%**

Net Interest Income

(₹ in crores)

2016-17	18,093
2015-16	16,833
2014-15	14,224
2013-14	11,952
2012-13	9,666

CAGR (5 Years) **18%**

Other Income

(₹ in crores)

2016-17	11,691
2015-16	9,371
2014-15	8,365
2013-14	7,405
2012-13	6,551

CAGR (5 Years) **17%**

Operating Revenue

(₹ in crores)

2016-17	29,784
2015-16	26,204
2014-15	22,589
2013-14	19,357
2012-13	16,217

CAGR (5 Years) **17%**

Operating Profit

(₹ in crores)

2016-17	17,585
2015-16	16,104
2014-15	13,385
2013-14	11,456
2012-13	9,303

CAGR (5 Years) **19%**

Net Profit

(₹ in crores)

2016-17	3,679
2015-16	8,224
2014-15	7,358
2013-14	6,218
2012-13	5,179

Earnings Per Share (Basic)*

(₹)

2016-17	15.40
2015-16	34.59
2014-15	31.18
2013-14	26.51
2012-13	23.93

Book Value Per Share*

(₹)

2016-17	232.83
2015-16	223.12
2014-15	188.47
2013-14	162.69
2012-13	141.50

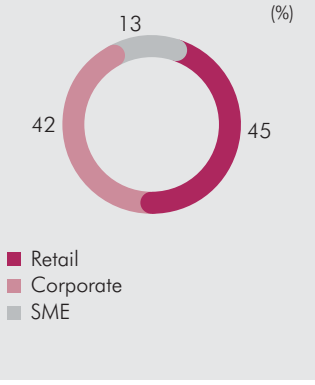
Dividend Per Share*

(₹)

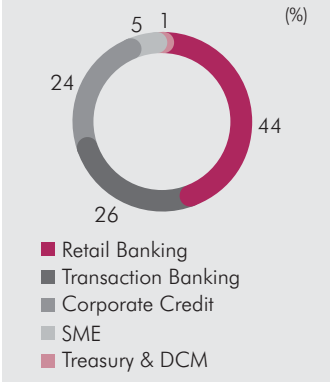
2016-17	5.00
2015-16	5.00
2014-15	4.60
2013-14	4.00
2012-13	3.60

Business Mix

Loans & Advances Mix



Fee Income Mix



Key Ratios

Financial Ratios (%)

	2012-13	2013-14	2014-15	2015-16	2016-17
Return on Equity	20.51	18.23	18.57	17.49	**7.22**
Return on Assets	1.70	1.78	1.83	1.72	**0.65**
Capital Adequacy Ratio	17.00	16.07	15.09	15.29	**14.95**
Tier - I Capital Adequacy Ratio	12.23	12.62	12.07	12.51	**11.87**
Dividend Payout Ratio	19.06	17.71	17.79	17.11	**38.24**

* Previous year figures have been adjusted to reflect the effect of sub-division of one equity share of the Bank having nominal value of ₹10 each into 5 equity shares of nominal value ₹2 each.
Previous year figures have been re-grouped wherever necessary.
All above figures are standalone.

HIGHLIGHTS OF 2016-17

Retail Deposits

- Savings bank deposits grew by 19% YoY and stood at ₹126,048 crores.
- Four new trust savings account variants launched with benefits like discounts on cash management solutions, relationship pricing for other banking products, extension of premium programmes to trustees/members of trust account.
- Burgundy (proposition for affluent customers) continued to scale up with AUM crossing ₹69,488 crores from 76,000+ customers across 1,300+ branches.

Digital Banking

- Launched Axis Active in partnership with GoQii to promote healthy living among customers. It is not only a fitness band, but also an NFC-based payment device, allowing payments across 50,000+ NFC enabled outlets across India.
- Launched Axis OK, a mobile app based on SMS and Missed Call Banking. Available in six languages, Axis OK allows users to perform almost all the internet banking functions without the need for an internet connection, using basic phones.
- Among the first to launch Unified Payment Interface (UPI) App - Axis Pay, that allows customers of any bank to transfer money to any other bank by just creating a unique virtual payment address (like an email ID).

Payments

- Nearly 202 lakhs+ Debit Cards issued, making it one of the largest number from an Indian bank. Over 33 lakhs credit cards in use as on 31 March, 2017, making it India's 4th largest credit card issuer.
- One of the largest acquirers of point-of-sale terminals in the country with an installed base of around 4.33 lakhs.
- Enabled almost 2.57 lakhs merchant terminals for Near Field Communication (NFC) based card acceptance during the year.
- Aggregate load value on travel currency cards crossed USD 8 billion during 2016-17.

Network

- The first private sector bank to introduce recyclers, which can accept and dispense cash. As on 31 March, 2017, the Bank had deployed 1,349 recyclers.

Corporate Banking

- Lending focus continues to remain on better rated corporates. Approximately 85% of new sanctions in the corporate book were to companies rated 'A' and above. Presently, 66% of outstanding corporate loans are to companies rated 'A' and above.

- Maintained its leadership position in the loan syndication market and syndicated an aggregate amount of ₹24,160 crores (₹22,613 crores in 2015-16) by way of rupee loans and USD 1.12 billion (USD 1.93 billion in 2015-16) of foreign currency loans.

- Continuing status as a dominant player in the Debt Capital Market (DCM) segment. During the year, the Bank arranged ₹199,620 crores of bonds and debentures for various PSUs and corporates.

International Banking

- Total assets at overseas branches stood at USD 8.37 billion on 31 March, 2017, compared to USD 8.06 billion last year.

Corporate Social Responsibility

- Spent ₹135.39 crores towards various CSR initiatives in 2016-17.

MESSAGE FROM THE MANAGING DIRECTOR & CEO

Shikha Sharma
Managing Director & CEO

> To remain relevant in the financial services industry of the future, banks need to embrace Customer Experience design as a core component of their business model. Customers compare you not with other banks, but with the most powerful experiences they have with any service provider across industries.

Dear Shareholders,

"Unexpected change" – It's the phrase that best captures the essence of the year gone by. Be it the unexpected political changes around the world or the surprise Demonetisation drive back home. What did not change is our drive to partner with our customers in their progress - fulfilling and enriching their financial journeys. This indomitable customer-first attitude has helped us in building a formidable banking franchise which has grown from strength to strength over these last 23 years. Our Corporate and SME franchises have worked side by side with Indian corporates and entrepreneurs to build their businesses and further expand in overseas markets. The Retail Banking franchise has been mobilising and managing savings for citizens, fulfilling dreams and aspirations of many Indians to own their first cars and homes. The traditional financial landscape in India is getting transformed rapidly; there is a visible shift from informal to formal channels. The Bank along with its subsidiaries is very well positioned to participate in this evolving trend and create significant value for all stakeholders.

India's macroeconomic fundamentals continued to improve last year on the back of a stable monetary policy which has been very well complemented by the Government by taking significant policy initiatives. From the banking sector perspective however, last year continued to be challenging. While the asset quality situation remains concentrated in a few sectors, banks had a new situation to contend with – that of high liquidity and very low corporate credit demand.

Despite these challenges, the Bank's strong operating profit engine helped us to tide over one of our toughest years in recent times. The Bank delivered steady operating profit growth of 9% with healthy operating revenue growth of 14%. The underlying strength of the franchise was visible in the last quarter of fiscal 2017 with all operating metrics bouncing off the lows we had seen in the earlier part of the year. We continued to grow faster than the banking system and gained market share in both advances and deposits. The Bank's retail and SME book continued to grow with risk parameters well under control. The corporate loan book witnessed significant asset quality challenges during the year. Earnings declined by 55% and the return ratios moderated on account of higher provisions for non-performing assets. Given the inherent improvement in the underlying strength of the Bank's franchise over these years, it is only a matter of time that the Bank's return ratios improve again, as the benefits of lower slippages and credit costs begin to reflect. The Bank remains well capitalised with a Tier-I ratio of 11.87% and maintained its dividend per share of ₹5 similar to the previous year.

Our corporate asset quality challenges have predominantly emerged from the watch list that was disclosed last year. While the Government and the regulator came up with several reforms and measures to support and resolve the stressed assets problem, the pace of resolutions during fiscal 2017 was slower than envisaged earlier. We expect resolution processes to pick up in fiscal 2018 aided by the Government's recent ordinance to amend Banking Regulation Act along with RBI's revised guidelines on timely resolution of stressed assets which are likely to expedite decision-making.

The Bank has always played an active part in nation building and continues to be an integral part of the key measures that drive our country forward. In the early part of this decade, the Bank saw an opportunity and wholeheartedly supported the country's focus on infrastructure, building steel plants, power plants and the like. Some of the corporate credit that we took on in these sectors did not turn out well, though India continues to remain a nation starved of both infrastructure and energy. We believe that the Government's ambitious infrastructure development programme supported by a fast-track, investment friendly and predictable public-private-partnership mechanism will help our nation to overcome these impediments in the near future. Our learnings from the last cycle have helped us to calibrate our portfolio concentration a lot more tightly than in the previous years.

In the last few years, we have significantly strengthened credit underwriting and risk management practices at the Bank. We have diversified our loan book materially and now have 45% of our loans in the Retail segment. We have reduced concentration risk in our corporate book significantly. We have tightened incremental sanctions and are actively targeting the pool of better rated corporates. We continue to drive the transition of our corporate franchise towards a more flow led, transaction banking oriented business.

On most operational parameters, the Bank performed in line with the direction I laid out in my letter last year. Aligned with our strategy to deepen our low cost deposit franchise, we were able to increase the share of low cost CASA deposits to overall deposits by nearly 400 bps in fiscal 2017, aided by Demonetisation. Retail Assets remained the main growth engine for the Bank and we continued to further diversify and made the portfolio more granular. The Bank's cross-sell metrics too have been steadily improving, aided by big data led analytics of the retail customer base. This was substantiated by strong retail assets growth from existing deposit customers and healthy growth in retail fee income from distribution of investment and insurance products. During the year, the Bank also tied up with the nation's largest insurer, Life Insurance Corporation of India, to broadbase insurance coverage of its customers.

The Bank's SME business not only continues to focus on lending to priority sector and select important industrial clusters, but is also engaged in taking forward the Government of India's initiatives like 'Make in India' and 'Skill India'.

The Transaction Banking business of the Bank continues to leverage on the existing client and customer relationships to cross-sell a large suite of products. In the Treasury and Debt Capital Markets segment, the Bank continues to remain a leading player. During the year, the Bank became the first Indian entity to issue internationally listed climate bond initiative certified dollar denominated Green Bonds in June 2016 and also acted as the lead manager in the very first Masala Bond issued by one of the leading housing finance companies.

We made significant progress in the digital payments space boosted by the Government's demonetisation drive towards a 'less cash' economy that helped leapfrog digital adoption among customers by a few years. We continue to lead the digital wave and simplify banking for our customers by offering simple products, secure payments and improved processes through effective use of technology. The Bank was among the first to launch a Unified Payment Interface (UPI) app 'Axis Pay' and also launched Axis OK – an app that works on feature phones without the need for an internet connection. The mobile banking channel witnessed over 100% growth in both value and volume terms while electronic channels continued to form 87% of overall customer induced transactions. During the year, the Bank was adjudged runner-up in the 'Best use of Digital and Channels Technology' amongst large banks by the IBA Banking Technology Awards 2017.

In line with our financial inclusion agenda, we not only focused on mainstreaming the unbanked and under-banked people by opening the basic savings account, but have also been quite active in promoting the Government's various social security schemes. We have opened 400 branches during the last fiscal and will continue to open a similar number of branches in fiscal 2018. However, the format of branches continues to evolve – we are moving towards much smaller branches as lot of back office operations are now centralised providing the flexibility to have branches with smaller size but enhanced productivity.

To remain relevant in the financial services industry of the future, banks need to embrace Customer Experience design as a core component of their business model. Customers compare you not with other banks, but with the most powerful experiences they have with any service provider across industries.

For us, customer centricity remains at the core of banking, and the Bank has recently created a central Customer Experience group that will work alongside business units to improve the way we serve and deal with customers. Here it is worth mentioning the extraordinary spirit, collaboration and resilience of our 56,000+ employees, most of whom did an outstanding job in shouldering their responsibilities through the year. During the year, the Bank introduced 'Banking on Compliance' – a training initiative to reinforce compliance and governance standards under which nearly 45,000 employees were certified. The Bank also launched the 'Million stories' and organised 'Axis Champions Awards' to celebrate the Axis Bank spirit, recognise the right role models and motivate our employees.

I have always believed that for an organisation to succeed in the long term, it is imperative to keep the overall wellbeing of society at the core of its value and purpose. The Axis Bank Foundation (ABF) was founded more than 10 years ago on this very ethos and has been able to meet over 90% of its objective to provide livelihood to one million people by the end of 2017. During the year, the Bank stepped up its financial inclusion and financial literacy measures through its 'Digiprayas' programme, in line with the Government's JAM (Jan Dhan – Aadhar – Mobile) concept. ABF also planted more than a million trees during the year under its livelihood initiatives. During the year, the Bank was awarded the 'CII Sustainability Domain (Corporate Social Responsibility) Excellence Award' in recognition of its CSR efforts and impacts created.

Progress in FY 2016-17

CASA	Focused on low-cost CASA deposits to contain fund cost	• Ratio of CASA deposits to total deposits, increased to 51% from 47% last year • CASA deposits grew strongly at 26% YoY
Transaction Banking	Enhanced focus on Transaction Banking as an integrated business	• Fee income from Transaction Banking business increased 11% YoY • Share of Transaction Banking fees to total fee income increased to 26% from 24% last year
Retail Asset Portfolio	Strengthened retail asset portfolio as the next growth phase in retail assets together with focusing on digital assets	• Retail advances grew strongly at 21% YoY • Share of retail advances to total advances increased to 45%
Asset Quality	Bolstered risk governace, guardrails, early warning systems to ensure better asset quality	• Concentration of fund & non-fund advances to iron & steel and power sector declined during the year • 85% of new sanctions in the corporate book were to companies rated 'A' and above
Digital Payments	Focused on digital payments	• 66% share of digital transactions in Q4 FY17 compared to 51% last year • Card spends increased 47% YoY in 2016-17
SME Lending	Focused on Small & Medium Enterprises (SMEs)	• SME advances grew 10% YoY • Share of SME advances to total advances at 13%

Technology is reshaping the world faster than ever. In line with our efforts to promote entrepreneurship, we launched 'Thought Factory' an innovation lab facility that has been working closely with the start-up community to accelerate the development of innovative technology solutions for the banking sector. During the year, we also launched one of the largest crowd-sourcing competitions, 'Future of Jobs in India', a platform for youth to ideate on implementable, sustainable and scalable solutions for the future. These efforts formed the basis for the Bank earning the 'Best Digital Bank' award by Business Today and KPMG.

While we have had a tough year, I believe it has taught us important lessons for the future. We have dedicated a large part of the year to solve bulk of the issues, fortify the balance sheet and refocus the franchise on our core and lasting strengths. As a result, the franchise remains safe and sound with a robust risk management architecture and corporate governance practices which have withstood the test of time in the past and will continue to hold us steady in the future. We are well capitalised, we have got the people and the process capabilities, and we remain focused on building and strengthening the franchise organically.

The external environment is such that it remains a great opportunity for the Bank to gain market share in every business category. Our market share in the last 8 years on the deposit side has gone up from 2.5% to about 4%; in credit cards, we are now the fourth largest with a 11% market share; and in mobile banking, we are at 10% – higher than our deposit market share. Similarly in mutual funds, we are a significant player now despite being a late entrant. With our subsidiaries witnessing strong mobile adoption levels, we expect to gain disproportionate market share going ahead as well.

Fiscal year 2017 was a good year for our subsidiaries, as witnessed by healthy growth in revenue and earnings of 33% and 26%, respectively. All our subsidiaries contribute significantly towards building a great annuity fee franchise and regular fee base for the parent bank be it in the form equities business, asset management, finance or insurance distribution.

If we take a step back and try to visualise as to how the broader Indian banking sector is likely to shape up in the medium term, we would perhaps see five to six large public sector banks and similar number of large private banks. Further, a handful of specialised small and payments banks will also thrive catering to niche segments. Our vision is to be very much at the top of that list. As shifts in market share happen, we would expect to move up from our current seventh position in terms of assets, to be among the top few banks in the country.

With below stated objectives in mind, we will continue to invest in technology, infrastructure and talent to not only support our business growth but also to ensure improved control and full compliance with regulatory requirements.

I would like to take this opportunity to thank all our external and internal stakeholders for supporting us through one of our most challenging periods last year. We remain focused on our priorities and will continue to build a trusted, compliant and financially strong bank which will remain at the forefront to find new ways to secure the financial future of our customers in this fast changing world of today.

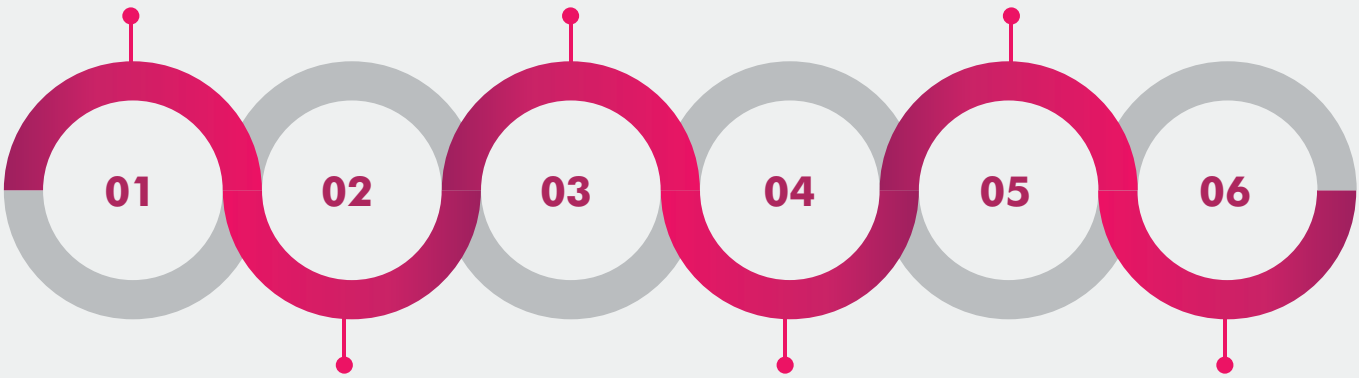
Shikha Sharma
Managing Director & CEO

Roadmap for FY 2017-18

Retail Banking
Acquiring new customer relationships and deepening the existing ones remains the core of our retail franchise.

SME Lending
This has been one of the differentiated capabilities of the Bank and we hope to see accelerated growth in our SME business.

Debt Capital Markets
Strive to build on our leadership position and our first mover advantage in Green bond and Masala bond issuances.



Retail Lending
Continue to remain the main growth engine, with a special focus on some of the newer segments like affordable housing, micro-finance, small business financing and agricultural lending.

Corporate Lending
Growing our Transaction Banking and Working Capital franchise, and leveraging relationships for advisory and Investment Banking opportunities.

Recoveries
Focus on recoveries in every business segment.

REASSURING CUSTOMERS AT EVERY STEP

In November 2016, India witnessed a seminal economic reform – Demonetisation. The move was designed to transform India's financial ecosystem and prepare it for the next phase. However, its implementation posed multiple challenges for banks, and imposed temporary restrictions on citizens regarding cash deposits and withdrawals.

At Axis Bank, we devised and implemented an action plan as part of our emergency response initiatives to mitigate customer inconveniences and support them during this phase.

From disseminating relevant information to customers, to generating awareness about going cashless, to crowd management at branches and ATMs, we responded with speed, precision and empathy.

80 lakhs
CUSTOMERS SERVICED

2.25 crs
TRANSACTIONS HANDLED

During 50 days
post announcement of demonetisation

A 24X7 Surveillance and control room was set up for monitoring system controls, addressing branch queries, interpreting guidelines, and ensuring compliance. In addition, a special task force oversaw the implementation of the entire exercise. At all times, there was intensive liaising with RBI to ensure requisite currency availability at all branches. We facilitated regular updates to customers through SMS, emails, social media and website.

Key Customer Initiatives

Our branches remained open for extended hours in the first week of demonetisation and were open till 6 pm on weekends.

We facilitated fuel surcharge waiver on Axis debit and credit cards.

We reduced waiting time at branches as customers were told to carry necessary documents.

Our rural branches were equipped with micro ATMs to enable cash deposit/ withdrawals.

Delivering with Accountability

- Disbursed salaries for BSF at Indo-Pak border.
- One of the first banks to initiate ATM charge waiver.
- Over 1,000 branches have been wifi-enabled for downloading apps.
- Facilitated payments at Government offices through micro ATMs (Railways, NABARD, FCI, BSNL, Collectorate Office and Central excise and taxation).
- Installed 2,400+ Business Correspondence points for deposits or withdrawal.
- Helped 250+ corporates for cash withdrawal for their employees.

AXIS BANK LENDING A HELPING HAND

One key segment that the Bank has always catered to, are senior citizens. We believe that addressing their core needs and offering them the best we can is a matter of pride for the Bank. Our Senior Privilege Account is the extension of this belief.

We wanted today's millennials to feel for the contribution of their parents and actually help them in opening this account. Key to this insight was that, only as an adult does one realise about his or her parents' sacrifices, because they don't make them obvious.

87,403

NO. OF SENIOR PRIVILEGE ACCOUNTS ADDED IN 2016-17

Key Features of Senior Privilege Account

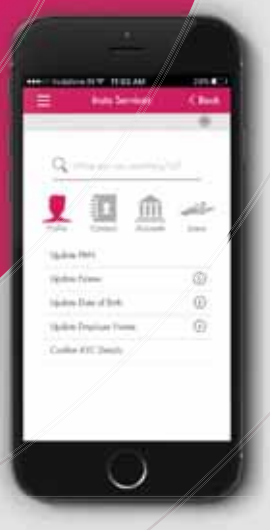
- Higher rates on Fixed Deposits
- 25% discount on new lockers
- Special prices on select pharmacies and health centres

#DearMa

We launched a campaign to take this exclusive product offering to customers. Based on the insight of a mother's sacrifices, the film celebrates the habit of savings among mothers and senior citizens.

EMPOWERING CUSTOMERS WITH **BESPOKE PRODUCTS**

We are acting as a powerful change agent for our customers. We offer them a wide spectrum of loan products to fulfil their financial requirements. We foster a deep relationship of trust, listen to their requirements and integrate their insights into the solutions that we offer. Our technology and teamwork play a vital role in this endeavour. The result is empowerment for customers and greater recall for our brand.



Instant loan disbursement and digital services

- Our Instant E-merchant loans are designed to provide quick loans to merchants and service establishments.
- We expanded the bandwidth of our Instant Personal Loan from ₹2 lakhs to ₹8 lakhs.
- We started sanctioning pre-approved auto-loans for our existing and eligible Axis customers to eliminate repeated submission of KYC and other financial documents.
- We provide parallel auto loans to customers already on an existing loan through a pre-approved offer with an additional funding of 50% with minimal documentation, based on their loan history.
- We disbursed ₹7,500 crores home loans in FY 2016-17 by reaching out to existing savings account customers, using data analytics and a strong sales team.
- We were India's first bank to launch image based disbursement of tractor loans.

Simplified documentation and communication

- We simplified our customer agreement with 50% less signatures and removal of notarisation for auto loan.
- We updated our brochure for home loans with a one-pager, containing product details, processes and documentation.
- We customised passbooks, along with welcome kits for rural loans to enable customers to check account transactions and a ready reference for account details.
- We revamped customer communication process for SMS alerts on overdraft (OD) utilisation and renewal intimation, resulting in enhanced customer engagement for loans against securities.

Bespoke offerings

- We launched an overdraft facility for accounts opened under the Jan Dhan Yojana, allowing a large proportion of the population to avail of Over Draft against their balances at attractive interest rates.
- We revised lending policies for education loan, leading to an increase in sanction limit for specialised courses to ₹75 Lakhs (from ₹30 Lakhs).
- We introduced auto loans with 8-year terms for salaried and central government employees.
- We launched 'Shubhaarambh' our affordable housing product suite, as a pilot in Gujarat and Rajasthan.

Customer Onboarding

- We introduced loan origination for Loan Against Securities (LAS) through Finnone software, resulting in reduced TAT, leading to better customer experience.

Enhanced customer service experience

- We introduced Saksham (our loan servicing centre), which provides a 360-degree view of customers, enabling instant fulfilment of various deliverables, changes in demographic details and instant part payment with speed.
- We set up a specialised call centre (handling multiple customer requests, and limiting the customer's need to visit branches) for rural lending.

₹ 7,500 CRORES
HOME LOANS DISBURSED BY REACHING OUT TO EXISTING CUSTOMERS USING DATA ANALYTICS

DIGITAL BANKING IS THE NEW NORMAL

India is gradually turning into a digital economy with a policy thrust for greater digitalisation of the financial sector. We see a larger and more transformative role for ourselves in the entire digital landscape.

We focus on exceeding the customer's expectations by strengthening our digital bandwidth. We have been consistently promoting safe, secure and convenient banking through our digital products and services. Moreover, our digital strategy focuses on bringing more and more people into the formal banking channel, expediting transactions and reducing reliance on physical infrastructure for growth.

Digital channels

Insta Services

We were India's first bank to digitalise the submission of Form 15G/H through a mobile application, ensuring customers a hassle-free experience, while claiming tax exemption.

Happy Holidays Package

Our one-stop mobile service, offering multiple travel benefits to globetrotters. We were India's first bank to offer an integrated travel package through a mobile application.

Digital contact centre

Our state-of-the-art contact centre makes use of sophisticated speech analytics to determine rising trends and areas of opportunities and concerns. Moreover, we have implemented an online chat module for our premium customers. We migrated from the existing iLeverage application to the Genesys email management solution enabling automated routing of customer service emails, smart response to customers and real-time reporting.

Payments

Axis Pay App

We were among the first four banks to go live on NPCI's UPI ecosystem, enabling customers to send or receive money, pay bills, shop and do a lot more instantly.

BMTC Smart Card

We partnered with the Bengaluru Metropolitan Transport Corporation (BMTC) to launch 'Axis Bank BMTC Smart Card' - India's first-ever open loop EMV contact-less smart card for BMTC passengers.

RFID tag

We launched India's first inter-operable ETC tag, an electronic toll collection service. We have become the first bank to launch NPCI integrated inter-operable RFID tag.

Account opening and servicing

Tablet based account opening

We started tablet based account opening for easier sourcing and servicing of micro-finance business accounts, especially in rural India.

Moreover, we are India's first bank to launch add-on credit card on tablet.

One-stop for consumer queries

We introduced a web support section that provided a one-stop destination for all consumer queries and complaints. This section currently witnesses over 15 lac page views per month, and is home to over 400 frequently asked questions.

Corporate Banking

- We integrated our web portal for trade finance transactions with five different applications, providing complete automation of inward remittances and payment instructions.
- We enabled social media based authentication EasyPay (our one-stop solution) for all payments requirements. Even non-Axis users can use his/her social media credentials to make payments to our corporate customers through EasyPay.
- We built solutions for eCommerce platforms to enable their sellers to share import related documents directly with us against payments (outward remittances) initiated by the eCommerce platform.

FULFILLING COMMUNITY ASPIRATIONS

As a responsible corporate citizen, we invest in helping build India's social capital. We believe enterprises have the transformational capacity to create developmental models for communities through energy, creativity and inspiration

Axis Bank Foundation has set an ambitious target of creating 1 million livelihoods by December 2017

Our commitment to community development is reflected in the Bank's policy on Corporate Social Responsibility.

We believe need-based interventions in sustainable livelihood, skill development and empowerment of marginalised communities can create sustainable development models for communities.

Contributing to inclusive growth

We extensively work towards creating sustainable livelihoods through the Axis Bank Foundation (ABF). We leverage our geographic presence to conduct various social initiatives on a 'shared value' concept. We have partnered with reputed NGOs across India to support projects in sustainable livelihoods and skill development. We were involved in the following initiatives in FY 2016-17:

- Ensured seamless supply of water for agriculture through rainwater harvesting by creating structures like bunds
- Catalysed improved agricultural practices through capacity building initiatives
- Helped generate sustainable income through off-farm activities like goat rearing, poultry, horticulture, among others
- Encouraged women empowerment through Self Help Groups (SHGs); and provided them access to institutional finance
- Promoted 'Farmer Federations' to provide farmers collective bargaining power and better access to markets

We support rural livelihood by sharpening skill-sets of marginalised and tribal youths. We lend a helping hand to enable differently-abled individuals and help enhance their employment opportunities. Some of our major initiatives in partnership with NGOs in FY 2016-17 comprised:

Professional Assistance for Development Action (PRADAN)

ABF has partnered with PRADAN to promote integrated development in nine districts of Madhya Pradesh and four districts of Chhattisgarh. We are working with economically backward households to put them on a sustainable path towards prosperity. The project is aimed at improving their living conditions through enhancing their incomes. Interventions include providing access to better cultivation techniques, forward and backward market linkages, promotion of SHGs and Farmer Federations, among others.

After a successful first phase, we initiated a second phase partnering PRADAN to deepen our engagement to promote integrated development.

Dilasa Sanstha

ABF has partnered with Dilasa Sanstha to promote sustainable integrated livelihood development in Maharashtra's Vidarbha and Marathwada regions. The programme targets the most disadvantaged tribal households, aiming to positively impact lives through various initiatives (irrigation, mixed cropping, seed preservation and access to bank credit). The income of each participant family is expected to be enhanced by at least 50% over the baseline annual income. The SHG-Bank linkage reduces farmer's dependence on money lenders. These interventions will ultimately lead to food security, savings and reduce distress migration.

DigiPrayas

We aim to transform villages into completely non-cash transactional villages. We have partnered with NABARD to deliver financial literacy programmes in 300 villages as a part of the Digital Financial Literacy and Awareness Programme (DFLAP).

Pragatishala

We have roped in students from top B-Schools to further the cause of financial literacy among communities through street plays, interactive games, awareness sessions and so on.

Thought Factory

This initiative provides a platform for mentoring and providing skills training to aspiring and promising start-ups.

Axis Moves

We reached out to youth in the age group of 18 to 30 years through prime educational institutions and an online platform to ignite their minds.

Green Banking

We have established Sustainable Lending Policy and Procedures (SLPP). We follow international guidelines to assess environmental and social risks for qualifying project finance; and actively engage with projects to establish appropriate mitigation plans. We consistently explore opportunities to promote sectors (renewable energy, waste management) that positively contribute to environmental sustainability.

15.3 kw Solar Power Plant at Hyderabad Currency Chest, Begumpet

At Axis Bank, we have begun the following initiatives for efficient use of resources and waste management to reduce our environmental footprint:

- Promote renewable energy use for our operations by using around 5 MW of solar energy (total installed capacity at various Axis Bank locations)
- Reduce paper usage through increased digitisation of products and processes
- Procure wheat-straw based paper wherever feasible, as it's a greener alternative to the conventional wood based paper
- Dispose e-waste in an environmentally sound manner through pollution control board registered recyclers
- Recycle the paper waste collected in offices and branches in Mumbai region through partner NGO of Axis Bank Foundation – helped recycle 293 tonnes of dry waste into notebooks, envelopes and bookmarks, among others since August 2011
- Use Organic Waste Composter at our central office in Mumbai to convert organic (kitchen) waste into manure

15.3 kw Solar Power Plant at Hyderabad Currency Chest, Begumpet

PRADAN - A beneficiary in her farm

BOARD & MANAGEMENT

Board of Directors*

Dr. Sanjiv Misra
Chairman

Shikha Sharma
Managing Director and CEO

V. R. Kaundinya
Director

Prasad R. Menon
Director

Prof. Samir K. Barua
Director

Som Mittal
Director

Rohit Bhagat
Director

Usha Sangwan
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Ketaki Bhagwati
Director

B. Babu Rao
Director

V. Srinivasan
Deputy Managing Director

Rajiv Anand
Executive Director (Retail Banking)

Rajesh Dahiya
Executive Director (Corporate Centre)

Core Management Team*

Sidharth Rath
Group Executive - Corporate Relationship Group & Transaction Banking

Jairam Sridharan
Group Executive and Chief Financial Officer

Rajendra Adsul
President - International Banking

J. P. Singh
President - SME

Cyril Anand
President and Chief Risk Officer

Himadri Chatterjee
President - Transaction Banking

Rudrapriyo Ray
President - Structured Finance Group

Sanjay Silas
President - Branch Banking

Akshaya Kumar Panda
President - Corporate Client Coverage Group

Prashant Joshi
President - Corporate Credit Department

Amit Sethi
President and Chief Information Officer

Girish V. Koliyote
Company Secretary

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

Secretarial Auditors
M/s BNP & Associates
Company Secretaries

Registrar and Share Transfer Agent
M/s Karvy Computershare Private Limited
Unit: Axis Bank Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032
Tel. No.: 040-6716 2222 Fax No.: 040-2300 1153

Registered Office
'Trishul', 3rd Floor, Opp. Samartheshwar Temple,
Law Garden, Ellisbridge, Ahmedabad – 380 006
Tel. No.: 079-6630 6161 Fax No.: 079-2640 9321
Email: shareholders@axisbank.com
Website: www.axisbank.com

Corporate Office
'Axis House', C-2, Wadia International Centre,
Pandurang Budhkar Marg, Worli, Mumbai – 400 025
Tel. No.: 022-2425 2525 Fax No.: 022-2425 1800

* As on 31 May, 2017

AWARDS & ACCOLADES

Mr. Rajendra Adsul, (President - International Banking) receiving 'Bank of the Year in India' award at The Bankers Awards 2016 held in London.

Mr. Som Mittal (Director, Axis Bank) (2nd from left) & Mr. Anil Kumar (ET & CEO, Axis Bank Foundation) (extreme left) receiving the award for 'Socially Aware Corporate of the Year' at the Business Standard Corporate Social Responsibility Awards 2016 in the presence of Hon. Finance Minister, Mr. Arun Jaitley.

Mr. Sanjay Silas (President - Branch Banking) (extreme right) receiving the award for 'Best Digital Bank' at the Business Today Money Today Financial Awards 2016 from Hon. Cabinet Minister of Finance, Planning & Forest Department, Government of Maharashtra, Mr. Sudhir Mungantiwar.

01

Awarded the Bank of the Year in India at The Banker Awards 2016

02

Recognised as the 'Socially Aware Corporate of the Year' by Business Standard's Corporate Social Responsibility Awards 2016

03

Awarded the Best Digital Bank at the Business Today Money Today Financial Awards 2016

04

Received award for Excellence in Corporate Social Responsibility by CII-ITC Sustainability Awards 2016

05

Won the Best Domestic Bank in India award from Asiamoney Best Domestic Bank Awards 2016

06

Adjudged Best Bank in India for Quantitative Research by EuroMoney FX Survey 2016

07

Won the 'Best Rewards Programme' for the third consecutive year at the Loyalty Awards 2017

08

Winner of 'Best Use of Partnership in a Loyalty Programme' at the Loyalty Awards 2017

09

Winner of 'Best Use of Mobile within a Loyalty Strategy' at the Loyalty Awards 2017

10

Runner-up in the 'Best Bank Category' at the Outlook Money Awards 2016

11

Runner-up in the Best Use of Digital and Channels Technology among Large Banks by the IBA Banking Technology Awards 2017

12

Runner-up in the Best Payments Initiatives among Large Banks by the IBA Banking Technology Awards 2017

DIRECTORS' REPORT: 2016-17

The Board of Directors have the pleasure of presenting the 23rd 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 31st March 2017.

Financial Performance

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

(₹ in crores)

Particulars	2016-17	2015-16	Growth
Deposits	414,378.79	357,967.56	15.76%
Out of which			
• Savings Bank Deposits	126,048.29	105,793.13	19.15%
• Current Account Deposits	87,001.75	63,651.92	36.68%
Advances	373,069.35	338,773.72	10.12%
Out of which			
• Retail Advances	167,992.95	138,520.90	21.28%
• Non-retail Advances	205,076.40	200,252.82	2.41%
Total Assets/Liabilities	601,467.67	539,821.02	11.42%
Net Interest Income	18,093.12	16,832.97	7.49%
Other Income	11,691.31	9,371.46	24.75%
Out of which			
• Fee Income	7,882.01	7,501.97	5.07%
• Trading Profit[1]	3,400.34	1,246.91	172.70%
• Misc. Income	408.96	622.58	(34.31%)
Operating Expenses (excluding depreciation)	11,691.11	9,656.91	21.06%
Profit before Depreciation, Provisions and Tax	18,093.32	16,547.52	9.34%
Depreciation	508.80	443.91	14.62%
Provision for Tax	1,788.28	4,170.09	(57.12%)
Other Provisions and Write offs	12,116.96	3,709.86	226.62%
Net Profit	3,679.28	8,223.66	(55.26%)
Appropriations			
Transfer to Statutory Reserve	919.82	2,055.92	(55.26%)
Transfer (from)/to Investment Reserve	(87.16)	(41.81)	-
Transfer to Capital Reserve	755.57	62.04	-
Transfer to Reserve Fund	1.75	1.74	0.57%
Dividend Paid	1,407.43	2.81	-
Surplus carried over to Balance Sheet	681.87	6,142.96	-

[1] Excluding Merchant Exchange Profit

DIRECTORS' REPORT (CONT.)

Key Performance Indicators	2016-17	2015-16
Interest Income as a percentage of working funds*	7.88%	8.59%
Non-interest Income as a percentage of working funds*	2.07%	1.96%
Net Interest Margin	3.67%	3.90%
Return on Average Net Worth	7.22%	17.49%
Operating Profit as a percentage of working funds*	3.11%	3.38%
Return on Average Assets	0.65%	1.72%
Profit per Employee**	₹6.68 lakhs	₹17.83 lakhs
Business (Deposits less inter-bank deposits + Advances) per employee**	₹14.00 crores	₹14.84 crores
Net non-performing assets as a percentage of net customer assets***	2.11%	0.70%

* Working funds represent average total assets

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

*** Customer assets include advances and credit substitutes

Previous year figures have been re-grouped wherever necessary

Capital

During the year, 12,204,283 equity shares of ₹2 each of the Bank were allotted by the Bank to some of its Whole Time Directors / Employees and that of its subsidiary companies, pursuant to exercise of options by them under the various Employee Stock Option Scheme(s) of the Bank. Pursuant to the said allotment, the total issued and paid-up equity share capital of the Bank, as on 31st March 2017 increased to ₹479.01 crore, as compared to ₹476.57 crore, as on 31st March 2016.

The shareholding pattern of the Bank, as on 31st March 2017, was as under:

Sr. No.	Category / Shareholder	No. of Shares held	% of Paid-up Capital
	Promoters		
1	Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	27,48,40,905	11.48
2	Life Insurance Corporation of India (LIC)	33,13,08,553	13.83
3	General Insurance Corporation of India	3,99,40,000	1.67
4	The New India Assurance Company Limited	2,61,03,585	1.09
5	National Insurance Company Limited	30,63,797	0.13
6	The Oriental Insurance Company Limited	63,30,020	0.26
7	United India Insurance Company Limited	72,15,213	0.30
	Foreign Investors		
8	Overseas Investors (including FIIs/OCBs/NRIs)	1,16,20,73,406	48.51
9	Foreign Direct Investment (GDR)	10,87,53,075	4.54
	Domestic Financial Institutions		
10	Financial Institutions/Mutual Funds/Banks/NBFC	16,57,97,280	6.92
11	**Others**	26,96,10,275	11.27
	Total	**2,39,50,36,109**	**100.00**

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

The Bank has paid the listing fees to the said Stock Exchanges for the financial year 2016-17.

Approval granted by the Foreign Investment Promotion Board (FIPB) to increase Foreign Investment Limits

The FIPB vide its letter no. FC II – 125 (2013)/183 (2013) dated 19th July 2016 granted its approval to the Bank for increasing Foreign Investment Limit from 62% to 74% of its total issued and paid up share capital on a full fungibility basis without any sub-limits, for investment by way of issue of equity shares and/or other permissible instruments to eligible non-resident investors including a Qualified Institution Placement (QIP) of equity shares and/or issue of American Depository Receipts (ADRs)/Global Depository Receipts (GDRs) and/or investment by Qualified Foreign Investors (QFIs)/Foreign Portfolio Investors (FPIs) under Portfolio Investment Scheme (PIS) issued and permissible securities on Stock Exchange except NRI holding which shall be allowed up to 24% of the total issued and paid up share capital of the Bank. As on 31st March 2017, the total foreign shareholding in the Bank was 53.05% of its total issued and paid up share capital.

Dividend

The Diluted Earnings Per Share (EPS) of the Bank for the financial year 2016-17 stood at ₹15.34 per equity share of ₹2/- each as compared to ₹34.40 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 26th April 2017, recommended a dividend of ₹5/- per equity share of ₹2/- each for the financial year 2016-17, in terms of the Dividend Distribution Policy of the Bank.

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

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, 8th July 2017 to Wednesday, 26th July 2017 (both days inclusive) for the purpose of the 23rd Annual General Meeting of the Shareholders of the Bank to be held on Wednesday, 26th July 2017 and for determining the names of the Members who would be entitled to dividend, if any, declared by the Bank for the financial year ended 31st March 2017.

The Record Date for payment of the said dividend, if approved by the Members at the 23rd Annual General Meeting, has been fixed on Friday, 7th July 2017. 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, 7th July 2017.

Ratings of various Debt Instruments

The Unsecured, Redeemable, Non-Convertible Debentures issued by the Bank, on a private placement basis, during the financial year 2016-17, were rated "AAA/Stable" by CRISIL and "AAA" by ICRA & CARE.

The Unsecured, Redeemable, Non-Convertible Subordinated Debentures issued by the Bank, on a private placement basis, during the financial year 2016-17, were rated "AAA(hyb)" by ICRA Limited and "IND AAA" by India Ratings and Research Private Limited.

The Unsecured, Subordinated, Perpetual, Additional Tier 1, Basel III Compliant Non-Convertible Debentures issued by the Bank on a private placement basis, during the financial year 2016-17, were rated "IND AA+" by India Ratings & Research Private Ltd. and "CRISIL AA(Stable)" by CRISIL Ltd.

The Bonds issued by the Bank under the MTN programme on a private placement basis, during the financial year 2016-17, were rated "AAA" by CRISIL, CARE and ICRA.

The Green Bonds issued by the Bank, on a private placement basis during the financial year 2016-17 are Asia's first certified Green Bonds and first ever Green Bonds issued by an Indian entity and listed on the London Stock Exchange. The Green Bonds were rated "Baa3" by Moody's, "BBB-" by S&P and "BBB-" by Fitch.

Board of Directors

In terms of Article 90 of the Articles of Association of the Bank, the Board of Directors of the Bank at its meeting held on 12th May 2016 appointed Dr. Sanjiv Misra as an Independent Director and as the Non-Executive (Part Time) Chairman of the Bank, with effect from 12th May 2016, subject to the approval of the RBI and the Shareholders of the Bank. Thereafter, RBI approved the appointment of Dr. Sanjiv Misra as the Non-Executive (Part Time) Chairman of the Bank, for a period of 3 years, with effect from 18th July 2016, which was also approved by the Shareholders of the Bank at the 22nd Annual General Meeting held on 22nd July 2016.

DIRECTORS' REPORT (CONT.)

At the said meeting, the Board of Directors of the Bank also appointed Shri Rajiv Anand, Group Executive (Retail Banking) of the Bank as a Director of the Bank and as the Whole Time Director designated as "Executive Director (Retail Banking)" of the Bank, for a period of 3 years, with effect from 12th May 2016, subject to the approval of the RBI and the Shareholders of the Bank. The said appointment was approved by the Shareholders of the Bank at the 22nd Annual General Meeting held on 22nd July 2016 and thereafter by the RBI, for a period of 3 years, with effect from 4th August 2016.

At the said meeting, the Board of Directors of the Bank also appointed Shri Rajesh Dahiya, Group Executive (Corporate Centre) as a Director of the Bank and as the Whole Time Director designated as "Executive Director (Corporate Centre)" of the Bank, for a period of 3 years, with effect from 12th May 2016, subject to the approval of the RBI and the Shareholders of the Bank. The said appointment was approved by the Shareholders of the Bank at the 22nd Annual General Meeting held on 22nd July 2016 and thereafter by the RBI, for a period of 3 years, with effect from 4th August 2016.

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

Selection and Appointment of Directors

The selection and appointment of Directors of the Bank is done in accordance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Banking Regulation Act, 1949, the Guidelines issued by the RBI and the 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 are obtained from all the Directors on an annual basis and also at the time of their appointment / re-appointment, in compliance with the said laws. An assessment on whether the Directors fulfil the said criteria is also made by the NRC and the Board on an annual basis, before considering their candidature for re-appointment.

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 (viz., 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, payment and settlement systems, human resource, risk management and business management, thus providing the Board with members who have special knowledge, practical experience and skills, to serve the diverse business interests of the Bank.

Declaration of Independence

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

Key Managerial Personnel

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

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

Board Evaluation

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

The Bank had engaged the services of an external consultant to help it conduct an impartial and independent Board 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 has been conducted is 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 Board Committees for the ensuing financial year is circulated well in advance to the Members of the Board, for their consideration and approval. During the year, 7 meetings of the Board of Directors of the Bank were

held and the gap between the said meetings did not exceed the limit of 120 days, as prescribed under the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder and the Listing Regulations.

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 the relevant provisions of Section 178 of the Companies Act, 2013, the relevant 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 31st March 2017, 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) A.TREDS Limited is engaged in the business of discounting trade receivables.

During the Financial Year 2016-17, the Bank incorporated a public limited company, in the name and style of A.TREDS Limited as its subsidiary under the relevant provisions of Companies Act, 2013 and the relevant rules made thereunder, with an authorised share capital of ₹50,00,00,000 divided into 5,00,00,000 (five crore) equity shares of ₹10/- each, to undertake amongst others the business of setting up and operating a Trade Receivables Discounting System. Further, one of the subsidiary company of the Bank, Axis Securities Europe Limited engaged in the business of financial advisory services is under the process of winding up.

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

In accordance with 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. Further, as per fourth proviso to the said section, the audited annual accounts of each of the said subsidiary companies of the Bank have been hosted on the Bank's website www.axisbank.com.

DIRECTORS' REPORT (CONT.)

Any shareholder who may be interested in obtaining a physical copy of the aforesaid financial statements may write to the Company Secretary at the Registered Office of the Bank. Further, please note that the said financial statements will be available for inspection by the Members 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

During the year, the Bank has not entered into any materially significant transactions with its Promoters, Directors, Management, Subsidiaries or Relatives of the Directors, which could lead to potential conflict of interest between the Bank and these parties, other than transactions entered into in the ordinary course of its business. Transactions entered into by the Bank with related parties in the normal course of its business were placed before the Audit Committee of the Board. There were no material individual transactions with related parties, which were not in the normal course of the business of the Bank, nor were there any material transactions with related parties or others, which were not on arm's length basis. Accordingly, AOC-2 is not applicable to the Bank. A statement giving details of all related party transactions, entered pursuant to the omnibus approval so granted, is placed before the ACB for their review on a quarterly basis. The Bank has developed a Standard Operating Procedure for the purpose of identifying and monitoring such transactions. The policy on Related Party Transactions as reviewed and approved by the Board at its meeting held on 20th January 2016, has been hosted on the Bank's website, in terms of the Listing Regulations.

Employee Stock Option Plan (ESOP)

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

In terms of the said ESOS, as on date, upto 240,087,000 options can be granted by the Bank to the eligible Directors / Employees of the Bank and that of its Subsidiary Companies. The eligibility and number of options to be granted to such eligible Directors / Employees is determined on the basis of their performance and such other criteria as 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, as aforesaid, on six occasions. Under the first two ESOS and in respect of the grant of stock options made by the Bank upto 29th April 2004, the option conversion price was set at the average of the daily high-low price of the Bank's equity shares traded during the 52 weeks preceding the date of approval of grant by the Board of Directors of the Bank / NRC, prevailing on the Stock Exchange which had the maximum trading volume of the Bank's equity share during the said period. Thereafter, under the third and subsequent ESOS and with effect from the said grants made by the Bank on 10th June 2005 and thereafter, the option conversion price was changed to the latest available closing price of the equity shares prevailing on the Stock Exchange which recorded higher trading volume, on the day prior to the date of approval of grant by the NRC / Board of Directors of the Bank, as the case may be.

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

Since 24th February 2001 upto 26th April 2016, the NRC / Board had out of the said 240,087,000 options, approved the grant of 246,272,950 options (including 24,579,864 options which were lapsed / cancelled) to the eligible Directors / Employees of the Bank and that of its Subsidiary Companies, in terms of the various ESOS. The said options are non-transferable and vest at rates of 30%, 30% and 40% on each of three successive anniversaries following the date of respective grant, subject to standard vesting and other conditions as set out in the respective ESOS. 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 and subject to the terms as set out in the respective ESOS.

As of 31st March 2017, out of the said 246,272,950 options so granted 207,151,583 options have been vested, out of which 191,217,059 options have been exercised and the balance 15,934,524 options remain unexercised. Further 13,776,600 options remained unvested and 25,344,767 options had been treated as lapsed/ cancelled.

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

Corporate Governance

The Bank is committed to achieving and adhering to the highest standards of Corporate Governance and it constantly benchmarks itself with best practices in this regard. The Report on Corporate Governance for the financial year 2016-17 along with a Certificate issued by the Statutory Auditors of the Bank confirming compliance with the mandatory requirements relating to Corporate Governance as stipulated under Chapter IV of the Listing Regulations, is forming part of this report. The Corporate Governance framework of the Bank incorporates all the mandatory requirements as 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 31st March 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures.

b. That such accounting policies as mentioned in Note 17 of the Notes to accounts of the Financial Statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at 31st March 2017 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, as amended, the extract of the Annual Return in Form MGT 9, is provided as an annexure to this report.

Particulars of Employees

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

As on 31st March 2017, the Bank had 31 employees who were employed throughout the year and were in receipt of remuneration of more than ₹1.02 crore per annum and 6 employees of the Bank who were employed for part of the year and were in receipt of remuneration of more than ₹8.50 lakhs per month.

In terms of Section 136 of the Companies Act, 2013, the copy of the financial statements of the Bank, including the consolidated financial statements, the auditor's report and relevant annexures to the said financial statements and reports are being sent to the Members and other persons entitled thereto, excluding the information in respect of the said 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. Any Member 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 hereto have been hosted on the website of the Bank, www.axisbank.com at https://www.axisbank.com/shareholders-corner/financial-results-and-other-information/quarterly-results.

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

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 branches and offices by undertaking various energy and resource conservation projects for Sustainable Development.

DIRECTORS' REPORT (CONT.)

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

- Implementation of solar energy of aggregate ~4.6 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.

Technology Absorption:

The details pertaining to Technology Absorption have been explained in the Management's Discussion and Analysis Report, which is provided as an annexure to this report.

Foreign Exchange Earning and Outgo:

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

Management's Discussion and Analysis Report

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

Risk Management

Pursuant to Regulation 21 of the Listing Regulations, the Bank has 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 Risk Management Framework, it has delegated its powers relating to monitoring and reviewing of risks associated with the business of the Bank to the said Committee. The details of the Risk Management Framework and issues related thereto have been explained in the Management's Discussion and Analysis Report, which is provided as an annexure to this report.

Business Responsibility Report

In terms of Regulation 34(2)(f) of the Listing Regulations, top 500 listed entities based on their market capitalisation as on 31st 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 at https://www.axisbank.com/shareholders-corner/shareholder's-information/business-responsibility-report. Any Member interested in obtaining a copy of the BRR may write to the Company Secretary of the Bank at its Registered Office.

Particulars of Loans, Guarantees and Investments

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

Corporate Social Responsibility

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

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

Plan and Status of Ind AS Implementation

The Reserve Bank of India (RBI) issued a circular in February 2016 requiring banks to implement Indian Accounting Standards (Ind AS) and prepare standalone and consolidated Ind AS financial statements with effect from 1st April 2018. Banks are also required to report the comparative financial statements for the financial year 2017-18, to be published along with the financial statement for the year beginning 1st April 2018.

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

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

The Bank is in the process of preparation of opening Ind AS financials as on 1st April 2017 and is also examining impact of Ind AS on business planning, budgeting, taxation, capital planning and on capital adequacy. The Bank will prepare quarterly Ind AS financials during the year 2017-18 for internal purpose, which will be used later, as comparative numbers for the financial year 2018-19.

Statutory Auditors

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

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 2017-18, is being placed for ratification by the Shareholders of the Bank at the 23rd Annual General Meeting.

As recommended by the ACB, the Board of Directors has proposed the appointment of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Bank for the financial year 2017-18 and to hold office as such from the conclusion of the 23rd Annual General Meeting upto the conclusion of 24th Annual General Meeting for the ratification by the Shareholders of the Bank at the 23rd Annual General Meeting. The Shareholders are requested to ratify the said appointment of the Statutory Auditors and the 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 relevant 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 relevant provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed M/s. BNP & Associates, Company Secretaries, Mumbai, to act as the Secretarial Auditor of the Bank.

DIRECTORS' REPORT (CONT.)

The secretarial audit of the Bank has been conducted on a quarterly basis in respect of the matters as set out in the said Rules and set out in the Secretarial Audit Report for the financial year 2016-17, which is provided 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 2016-17, no significant or material orders were passed by any Regulator, Court or Tribunal against the Bank, which could impact its going concern status or operations.

Adequacy of Internal Financial Controls Related to Financial Statements

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

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

CEO & CFO Certification

Certificate issued by Smt. Shikha Sharma, Managing Director & CEO and Shri Jairam Sridharan, CFO of the Bank, for the financial year under review, was placed before the Board of Directors at its meeting held on 26th April 2017, 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 Statutory and Regulatory Authorities, Financial Institutions, Stock Exchanges, Registrar and Share Transfer Agent, Debenture Trustees, Depositories and Correspondent Banks for their continued support and guidance.

The Board also places on record its appreciation to the shareholders of the Bank for their continued support and to its valued customers for their continued patronage.

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: 26th April 2017

Dr. Sanjiv Misra
Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS

Macro-Economic Environment

The year 2017 was marked by heightened global political uncertainty, with unexpected outcomes – the UK's Brexit referendum, the US Presidential election. However, global growth prospects have actually improved and fears of deflation have receded helped by rising commodity prices and hopes of fiscal stimulus in the US. Higher commodity prices augur well for our domestic commodity producers, as well as many commodity exporting emerging economies. This has led to a change in stance in the monetary policy of many countries, with the US Fed raising rates at its March '17 meeting and indicating the possibility of more action in 2017.

India's macro fundamentals have remained stable, reinforced by concerted policy efforts by the government. Measures to control food prices and judicious use of monetary policy levers by RBI have kept inflation low throughout FY17, permitting RBI to cut rates by 50 basis points (to 6.25%) during the first half of the year. Even though rates have not been cut thereafter, the shift in RBI's liquidity stance from deficit to neutral early in FY17 and then the massive infusion of deposits into banks post extraction of high denomination currency notes, have brought money market interest rates sharply lower and facilitated deep cuts in banks' MCLR.

After 2 years of drought, the monsoon was good in 2017, significantly improving agricultural prospects. Food prices, particularly pulses, came off and helped bring headline CPI inflation down to average 4.5% in FY17. This along with the implementation of 7th Pay Commission, helped in reviving rural and urban domestic demand. There was a transient shock for a couple of months in Q3 FY17, but economic activity has resumed to normalcy towards the end of Q4FY17. India's FY17 GDP growth stood at 7.1%.

The primary concern is the slowdown in capex activity, which has caused corporate credit demand to remain subdued, and post-demonetisation, non-food YOY credit growth dropped further to sub-5% levels.

The Union budget continued to strive towards fiscal consolidation, fixing a fiscal deficit target of 3.2% in FY18, down from the 3.5% in FY17. However, State Government borrowings grew in FY17, leading to a vitiation in consolidated Government fiscal rectitude. However, capital expenditures have increased in the Union Budget, both in actual terms in FY17 and projected FY18, which will partially offset the drop in private capex.

Prospects for fiscal 2018

Global growth prospects are expected to improve further in FY18, with improved demand resulting in commodity prices remaining at currently high levels, reinforced by capacity closures, especially in China.

Although our base projections indicate that CPI inflation in India is likely to average ~3.3% over FY18 supported by favourable base effect, there are many upside risks, including a sub-normal monsoon, diffusion of 7th Pay Commission awards to State Government employees and the GST rollout. It might be difficult for RBI to cut the repo rate more than 25-50 bps, given its medium term CPI target of 4%. However, given the extent of current liquidity and with foreign currency flows adding to durable funds, market interest rates are likely to remain low. RBI outlined a strategy for liquidity management in its April '17 policy review to use various liquidity tools with specific purpose.

As per our base projections, India's growth is expected to improve to 7.5% in FY18, with much of the increase likely from higher consumption. Investment is likely to remain modest, particularly in H1, but capex spend might gradually revive with spends on affordable housing, renewable energy, urban infrastructure and road and rail projects. Bank credit growth, however, will revive only gradually, since most of the initial capex will be public sector led.

With India reforms momentum likely to continue and continuing stable macro fundamentals, the Rupee is likely to remain largely stable, but the direction will be determined by the relative movements of the US Dollar and other major currencies.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Overview Of Financial Performance

Operating performance

(₹ *in crores*)

Particulars	2016-17	2015-16	% change
Net interest income	18,093.12	16,832.97	7.49
Non-interest income	11,691.31	9,371.46	24.75
Operative revenue	**29,784.43**	**26,204.43**	**13.66**
Operating expenses	12,199.91	10,100.82	20.78
Operating profit	**17,584.52**	**16,103.61**	**9.20**
Provisions and contingencies	12,116.96	3,709.86	226.62
Profit before tax	**5,467.56**	**12,393.75**	**(55.88)**
Provision for tax	1,788.28	4,170.09	(57.12)
Net profit	**3,679.28**	**8,223.66**	**(55.26)**

Net profit for the year ended 31 March, 2017 contracted by 55.26% and stood at ₹3,679.28 crores, as compared to the net profit of ₹8,223.66 crores last year, primarily on account of higher provision for non-performing assets (NPAs). Operating profit reported a steady growth of 9.20% at ₹17,584.52 crores over the previous year with healthy operating revenue growth of 13.66%.

Operating revenue rose from ₹26,204.43 crores in fiscal 2016 to ₹29,784.43 crores in fiscal 2017. Net interest income (NII) rose 7.49% from ₹16,832.97 crores in fiscal 2016 to ₹18,093.12 crores in fiscal 2017. Non-interest income consisting of fee, trading and other income grew strongly by 24.75% from ₹9,371.46 crores in fiscal 2016 to ₹11,691.31 crores in fiscal 2017. Fee income increased by 5.07% from ₹7,501.97 crores in fiscal 2016 to ₹7,882.01 crores in fiscal 2017. Trading profit grew strongly by 172.70% and stood at ₹3,400.34 crores in fiscal 2017.

Operating expenses rose 20.78% from ₹10,100.82 crores in fiscal 2016 to ₹12,199.91crores in fiscal 2017 as the Bank continued to invest in branch infrastructure, technology and human capital to support its business growth. Steady growth in operating revenues despite higher operating expenses this fiscal enabled the Bank's operating profit to grow by 9.20% to ₹17,584.52 crores from ₹16,103.61 crores reported last year. Provisions and contingencies jumped 226.62% from ₹3,709.86 crores in fiscal 2016 to ₹12,116.96 crores in fiscal 2017. Consequently, profit before taxes and net profit both contracted by 55.88% and 55.26%, from ₹12,393.75 crores and ₹8,223.66 crores in fiscal 2016 to ₹5,467.56 crores and ₹3,679.28 crores in fiscal 2017 respectively.

Net interest income

(₹ *in crores*)

Particulars	2016-17	2015-16	% change
Interest on loans	33,124.96	30,040.56	10.27
Interest on investments	9,622.82	9,377.59	2.62
Other interest income	1,794.38	1,569.89	14.30
Interest income	**44,542.16**	**40,988.04**	**8.67**
Interest on deposits	19,639.63	18,540.21	5.93
Other interest expense	6,809.41	5,614.86	21.27
Interest expense	**26,449.04**	**24,155.07**	**9.50**
Net interest income	**18,093.12**	**16,832.97**	**7.49**
Average interest earning assets[1]	492,868	431,873	14.12
Average CASA[1]	151,678	122,989	23.33
Net interest margin	3.67%	3.90%	-
Yield on assets	8.97%	9.37%	-
Yield on advances	9.77%	10.10%	-
Yield on investments	7.49%	8.22%	-
Cost of funds	5.60%	5.94%	-
Cost of deposits	5.54%	6.01%	-

[1] computed on daily average basis

NII constituted 60.75% of the operating revenue, and increased by 7.49% from ₹16,832.97 crores in fiscal 2016 to ₹18,093.12 crores in fiscal 2017. The increase is primarily due to an increase in average interest earning assets on a daily average basis by 14.12%, even as net interest margin (NIM) during the fiscal year 2017 contracted by 23 bps to 3.67%. The decline in NIM was mainly on account of higher fall in yield on interest earning assets of 40 basis points (bps) as compared to 34 bps decline in cost of funds.

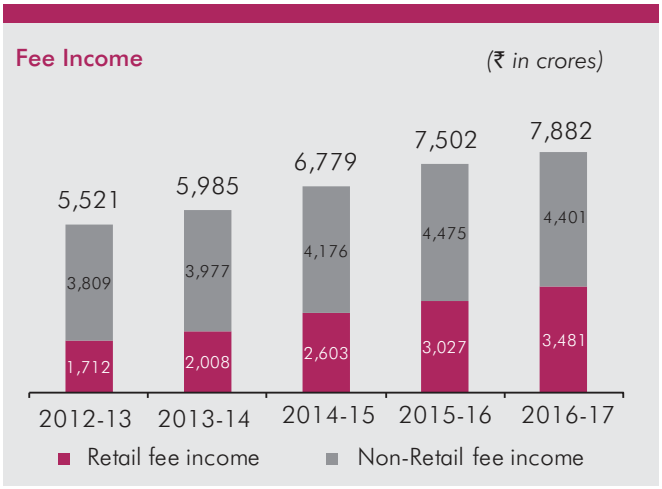
During this period, the yield on interest earning assets decreased from 9.37% last year to 8.97%. The yield on advances declined by 33 bps from 10.10% in fiscal 2016 to 9.77% in fiscal 2017 primarily due to higher interest reversals on NPAs and assets under the Strategic Debt Restructuring (SDR)/Scheme for Sustainable Structuring of Stressed Assets (S4A), and reduction in base rate and marginal cost of funds based lending rate (MCLR) by 25 bps and 125 bps, respectively during the fiscal 2017. The yield on investments contracted by 73 bps as the interest rates corrected sharply during the year post demonetisation. Cost of funds also moderated by 34 bps from 5.94% in fiscal 2016 to 5.60% in fiscal 2017 led by moderation in the cost of deposits and further aided by the Bank's continued focus on CASA. During the year, the cost of deposits decreased to 5.54% from 6.01% last year, primarily due to a decrease in cost of term deposits by 57 bps to 7.64% from 8.21% last year. CASA deposits, on a daily average basis, reported a healthy increase of 23.33% to ₹151,678 crores from ₹122,989 crores last year.

Non-interest income

(₹ in crores)

Particulars	2016-17	2015-16	% change
Fee income	7,882.01	7,501.97	5.07
Trading profit	3,400.34	1,246.91	172.70
Miscellaneous income	408.96	622.58	(34.31)
Non-interest income	**11,691.31**	**9,371.46**	**24.75**

Non-interest income comprising fees, trading profit and miscellaneous income increased by a healthy 24.75% to ₹11,691.31 crores in fiscal 2017 from ₹9,371.46 crores last year and constituted 39.25% of the operating revenue of the Bank.



Fee income increased moderately by 5.07% to ₹7,882.01 crores from ₹7,501.97 crores last year and continued to remain a significant part of the Bank's non-interest income. It constituted 67% of non-interest income and contributed 26% to the operating revenue. The share of granular fees comprising of Retail and Transaction Banking fees witnessed improvement during the year, and stood at 70% compared to 65% last year. Retail card fees, Retail non-card fees and Transaction Banking fees constituted 16%, 28% and 26%, respectively of the total fee income in fiscal 2017. However the Corporate Banking fee momentum remained weak during the year due to lack of fresh investment proposals and the Bank's continued focus on better rated corporate clients where fee opportunities are relatively lower; its share in the overall fee profile stood at 23%. The rest 7% was contributed by Treasury, and SME segments.

During the year, proprietary trading profits increased by 172.70% to ₹3,400.34 crores from ₹1,246.91 crores last year led by conducive interest rate environment that saw yields on 10 year government bonds declining by nearly 80 bps during fiscal 2017.

The Bank's miscellaneous income was lower at ₹408.96 crores compared to ₹622.58 crores.

Operating revenue

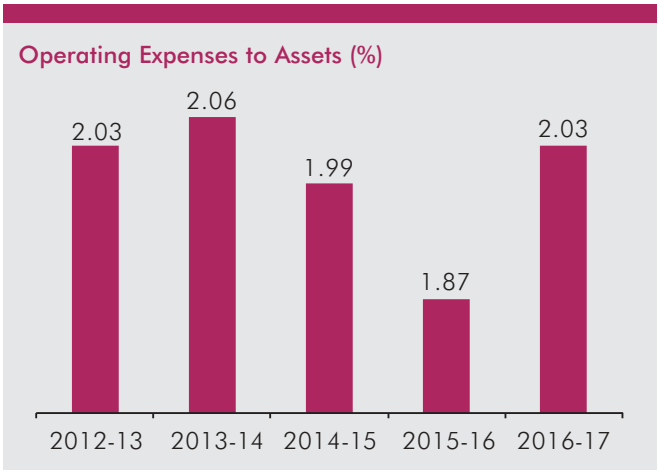
The operating revenue of the Bank increased by 13.66% to ₹29,784.43 crores from ₹26,204.43 crores last year. The core income streams (NII and fees) constituted 87% of the operating revenue, reflecting the stability of the Bank's earnings.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Operating expenses

(₹ in crores)

PARTICULARS	2016-17	2015-16	% change
Staff cost	3,891.86	3,376.01	15.28
Depreciation	508.80	443.91	14.62
Other operating expenses	7,799.25	6,280.90	24.17
Operating expenses	**12,199.91**	**10,100.82**	**20.78**
Cost : Income Ratio	**40.96%**	**38.55%**	**-**



The Bank continued to focus on making investments in expanding branch network and other infrastructure required for supporting the existing and new businesses, as a result of which the operating expenses increased by 20.78% to ₹12,199.91 crores from ₹10,100.82 crores last year. The Operating expenses to Assets ratio stood at 2.03% compared to 1.87% last year.

Staff cost increased by 15.28%, from ₹3,376.01 crores in fiscal 2016 to ₹3,891.86 crores in fiscal 2017, primarily on account of 13% increase in employee strength from 50,135 as at end of fiscal 2016 to 56,617 as at the end of fiscal 2017.

Other operating expenses increased by 24.17%, from ₹6,280.90 crores in fiscal 2016 to ₹7,799.25 crores in fiscal 2017. The increase is primarily due to investments in branch infrastructure and technology to support business growth. The Bank added 400 branches during fiscal 2017.

Operating profit

During the year, the operating profit of the Bank grew by 9.20% to ₹17,584.52 crores from ₹16,103.61 crores last year.

Provisions and contingencies

(₹ in crores)

Particulars	2016-17	2015-16	% change
Provision for non-performing assets	11,157.06	3,800.46	193.57
Provision for restructured assets/SDR/S4A	290.53	(61.78)	-
Provision for standard assets including unhedged foreign currency exposure	334.57	388.62	(13.91)
Provision for depreciation in value of investments	238.70	84.01	184.13
Provision for country risk	19.94	-	-
Provision for other contingencies	76.16	(501.45)	(115.19)
Provisions and contingencies	**12,116.96**	**3,709.86**	**226.62**

During fiscal 2017, the Bank created significantly higher total provisions (excluding provisions for tax) of ₹12,116.96 crores compared to ₹3,709.86 crores last year mainly on account of elevated slippages during the year. The Bank provided ₹11,157.06 crores towards non-performing assets compared to ₹3,800.46 crores last year and ₹334.57 crores towards provision for standard assets including unhedged foreign currency exposure compared to ₹388.62 crores last year. During the year, there was provision against restructured assets/SDR/S4A of ₹290.53 crores compared to a write-back of ₹61.78 crores last year. As on 31 March 2017, the Bank had outstanding contingent provision balance of ₹260.00 crores. The credit costs for fiscal 2017 stood higher at 282 bps.

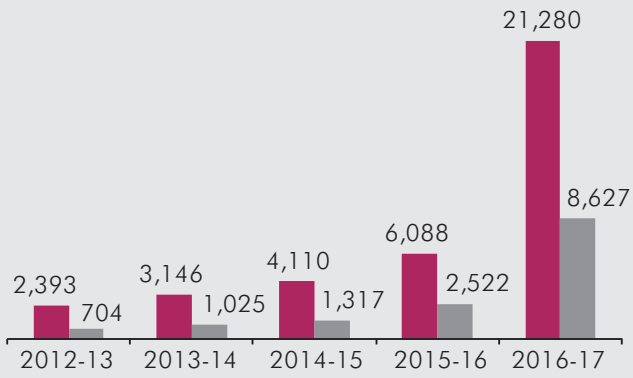
Asset Quality Parameters

At the start of fiscal 2017, the Bank published a Watch List of accounts that the Management assessed to be the key source of stress in Corporate Lending book over the next 2 years. To begin with, almost half of the Watch List accounts comprised of stressed sectors like power and iron and steel with fund based outstanding of ₹22,628 crores and non-fund based outstanding of ₹2,626 crores. During the year the Bank added ₹19,106 crores of corporate slippages of which ₹16,112 crores came from the Watch List. Resultantly the size

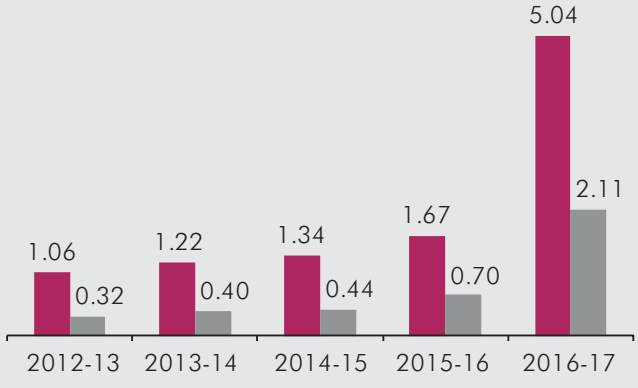
of the Watch List reduced to 42% with fund based outstanding of ₹9,436 crores and non-fund based outstanding of ₹1,796 crores as on 31 March, 2017.

Watch List as proportion of customer assets reduced from 6.20% as on 31 March, 2016 to 2.20% as on 31 March, 2017. Higher slippages from the Watch List led to material rise in asset quality metrics. During the year the Bank added ₹21,782 crores as fresh addition to Gross NPAs with the Bank's ratio of Gross NPAs to gross customer assets increasing to 5.04%, at the end of March 2017 from 1.67% as at end of March 2016. The Bank added ₹17,415 crores to Net NPAs after adjusting for recoveries and upgradations of ₹2,001 crores and ₹2,366 crores respectively and the Bank's Net NPA ratio (Net NPAs as percentage of net customer assets) increased to 2.11% from 0.70%. The Bank's provision coverage stood at 65% after considering prudential write-offs.

Gross and Net NPA *(₹ in crores)*



Gross and Net NPA (%)



The net restructured book stood at ₹5,379 crores and net restructured assets ratio (net restructured assets as percentage of net customer assets) was 1.31%. During the year slippages from the standard restructured book stood at ₹3,213 crores. The cumulative outstanding value of the underlying standard loans subjected to SDRs, S4A and 5:25 as on 31 March, 2017 stood at ₹2,173 crores, ₹323 crores and ₹2,329 crores, respectively.

The book value of the assets sold by the Bank to ARCs during fiscal 2017 was ₹2,960 crores (net of provisions). The realisation consideration (excluding accounts already written-off) was settled in security receipts (SRs) worth ₹2,083 crores and cash realised worth ₹393 crores.

Key ratios

Particulars	2016-17	2015-16
Basic earnings per share (₹)	15.40	34.59
Diluted earnings per share (₹)	15.34	34.40
Book value per share (₹)	232.83	223.12
Return on equity (%)	7.22%	17.49%
Return on assets (%)	0.65%	1.72%
Net interest margin (%)	3.67%	3.90%
Profit per employee (₹ lakh)	6.68	17.83
Business per employee (₹ crores)	14.00	14.84
Credit/deposit ratio (Domestic)	79.07%	81.71%
Credit/deposit ratio (Global)	90.03%	94.64%

Basic Earnings Per Share (EPS) was ₹15.40 compared to ₹34.59 last year, while the Diluted Earnings Per Share was ₹15.34 compared to ₹34.40 last year. Return on Equity (RoE) and Return on Assets (RoA) stood at 7.22% and 0.65% respectively. Book Value Per Share was ₹232.83 compared to ₹223.12 last year. Profit per Employee stood at ₹6.68 lakh and Business per Employee stood at ₹14.00 crores.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Credit Deposit (CD) ratio of the Bank as on 31 March, 2017 was at 90.03% with a domestic CD ratio of 79.07%. Considering Infrastructure Bonds, that are more cost effective and asset liability management friendly than deposits of same maturity, as a part of the Bank's Deposits base, the domestic CD ratio stood at 76.52%.

Balance Sheet parameters

Assets

Total assets increased by 11.42% to ₹601,468 crores from ₹539,821 crores on 31 March, 2016.

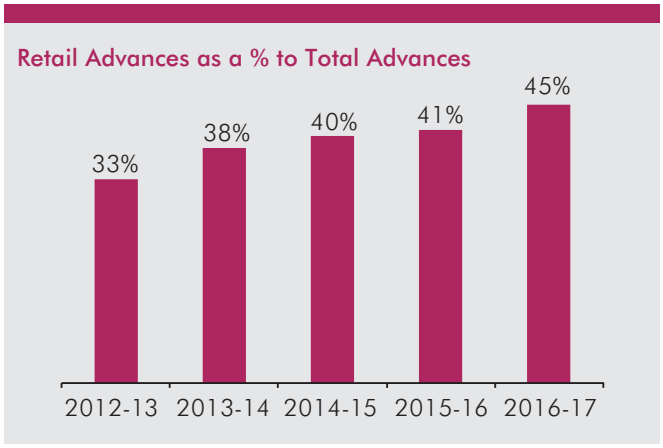
(₹ in crores)

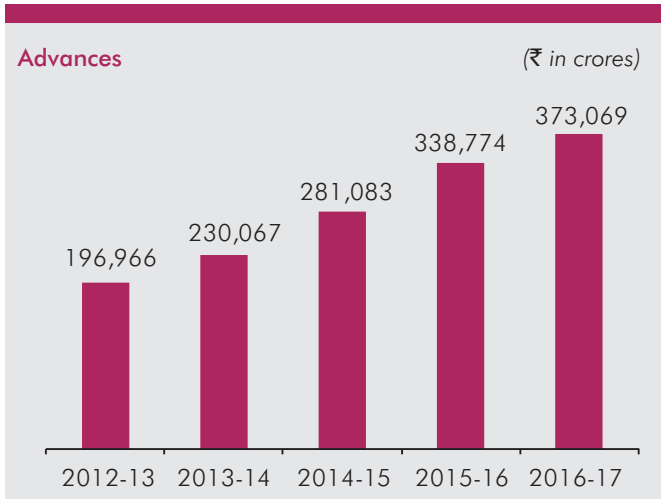
Particulars	2016-17	2015-16	% change
Cash and bank balances	50,256	33,326	50.80
Government securities	93,008	96,538	(3.66)
Other securities	35,786	34,986	2.28
Total investments	**128,794**	**131,524**	**(2.08)**
Corporate advances	155,904	155,384	0.33
SME advances	49,172	44,869	9.59
Retail advances	167,993	138,521	21.28
Total advances	**373,069**	**338,774**	**10.12**
Fixed assets	3,747	3,523	6.36
Other assets[1]	45,602	32,674	39.57
Total assets	**601,468**	**539,821**	**11.42**

[1] includes Priority Sector Lending deposits of ₹17,107 crores (previous year ₹16,659 crores)

Advances

Total advances of the Bank as on 31 March, 2017 increased by 10.12% to ₹373,069 crores from ₹338,774 crores as on 31 March 2016, largely driven by healthy growth in the Retail segment. Corporate advances comprised 42% of total loans and grew marginally by 0.33% to ₹155,904 crores, Retail loans comprised 45% of total loans and increased by 21.28% to ₹167,993 crores, SME loans grew by 9.59% to ₹49,172 crores and constituted 13% of total loans.





The retail lending growth was led by auto loans, personal loans, and credit cards. Mortgages continue to grow faster than the industry growth. The demonetisation of large denomination currency notes in November 2016 however led to some moderation in retail loan disbursements in segments like loan against property, retail agricultural loans and home loans during Q3FY17. However, the growth trends normalised during Q4FY17. The Bank continued to focus on secured loan products that accounted for 85% of retail loans. Home loans remain the largest retail segment and accounted for 44% of retail loans, retail agricultural loans accounted for 16%, loans against property 8%, personal loans and credit cards were 12% and auto loans 10%, while non-schematic loans comprising loan against deposits and other loans accounted for 10%.

Investments

The investment book of the Bank decreased by 2.08% to ₹128,794 crores, of which investments in Government and approved securities, held mainly for SLR requirement, decreased by 3.66% to ₹93,008 crores. Other investments, including corporate debt securities, increased by 2.28% to ₹35,786 crores. 86% of the government securities have been classified in the HTM category, while 96% of the bonds and debentures portfolio has been classified in the AFS category. The modified duration as on 31 March, 2017 for the HTM, AFS and HFT portfolio stood at 6.23 years, 3.79 years and 3.53 years respectively.

Liabilities and shareholder's funds

(₹ in crores)

Particulars	2016-17	2015-16	% change
Capital	479	477	0.42
Reserves and Surplus	55,284	52,688	4.93
Total shareholder's funds	**55,763**	**53,165**	**4.89**
Deposits	**414,379**	**357,968**	**15.76**
- Current account deposits	87,002	63,652	36.68
- Savings bank deposits	126,048	105,793	19.15
- CASA	**213,050**	**169,445**	**25.73**
- Retail term deposits	123,925	121,955	1.62
- Non-retail term deposits	77,404	66,568	16.28
- Total term deposits	**201,329**	**188,523**	**6.79**
Borrowings	**105,031**	**108,580**	**(3.27)**
- In India	51,082	47,262	8.08
- Infra bonds	13,705	8,705	57.44
- Outside India	53,949	61,318	(12.02)
Other liabilities and provision	26,295	20,108	30.77
Total liabilities and shareholder's funds	**601,468**	**539,821**	**11.42**

Deposits

The total deposits of the Bank increased by 15.76% to ₹414,379 crores against ₹357,968 crores last year. Savings Bank deposits reported a strong growth of 19.15% to ₹126,048 crores, while Current Account deposits reported a healthy increase of 36.68% to ₹87,002 crores. As on 31 March, 2017, low-cost CASA deposits increased by 25.73% to ₹213,050 crores from ₹169,445 crores last year, and constituted 51.41% of total deposits as compared to 47.34% last year. Demonetisation of large currency notes in November 2016 also aided inflows into the banking system, which in turn led to strong growth in Savings Bank deposits. Savings Bank deposits on a daily average basis, increased by 24.18% to ₹102,879 crores, while Current Account deposits reported a growth of 21.57% to ₹48,800 crores. The percentage share of CASA in total deposits, on a daily average basis, was at 42.75% compared to 39.87% last year.

The Bank continued to maintain its focus on retail term deposits. As on 31 March, 2017, the retail term deposits grew 1.62% and stood at ₹123,925 crores, constituting 61.55% of the total term deposits compared to 64.69% last year, despite the redemption of FCNR-B deposits worth USD 1.8 billion during the fiscal. Excluding FCNR-B deposits, the growth in retail term deposits stood at 12.03%. As on 31 March, 2017, CASA and retail term deposits constituted 81.32% of total deposits.

Borrowings

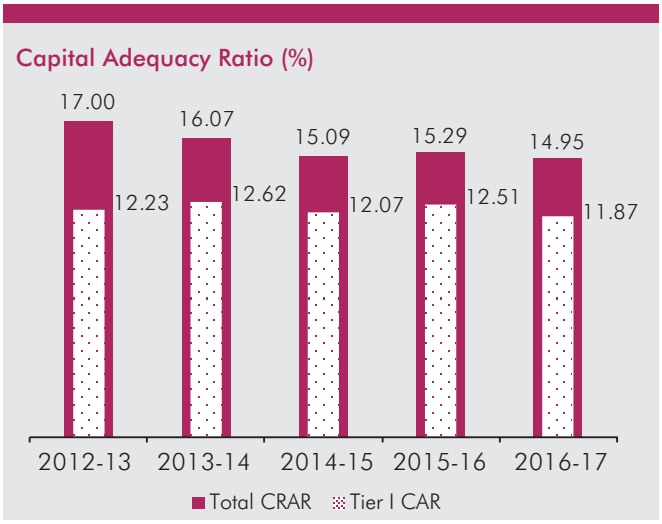
The total borrowings of the Bank decreased 3.27% from ₹108,580 crores in fiscal 2016 to ₹105,031 crores in fiscal 2017. During the fiscal, the Bank successfully listed Asia's first certified Green Bond on London Stock Exchange apart from raising other senior notes under its various Medium Term Note (MTN) programmes in the international markets. Domestically, the Bank raised ₹4,230 crores through Subordinated Debt and ₹3,500 crores through Additional Tier I bonds during the fiscal. Further, in accordance with RBI's guidelines on issuance of long term bonds for financing of infrastructure and affordable housing, the Bank successfully raised ₹5,000 crores of long term infrastructure bonds during the year. The outstanding balance in long term infrastructure bonds as on 31 March, 2017 was ₹13,705 crores.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Capital Management

The Bank continues its endeavour for greater capital efficiency and shoring up its capital adequacy to enhance shareholder value. In order to achieve this objective, the Bank has been focusing to increase the proportion of lower risk weighted assets. The Bank's capital management framework ensures proper allocation and utilisation of capital for an optimal mix of businesses.

The Bank has implemented the Basel III capital regulation from 1 April, 2013 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.



During the year, the Bank raised Additional Tier I capital in the form of perpetual debt instruments, amounting to ₹3,500 crores that led to improvement in Tier 1 CAR by 68 bps. During the year, amendments made by RBI in the risk weights on unrated claims led to consumption of 11 bps of Tier 1 CAR. Further, growth consumed 170 bps of Tier 1 CAR, profit contributed 48 bps and the gross accretion to reserves was 1 bps, making for a net consumption of 64 bps of Tier 1 CAR for the year.

As on 31 March, 2017, the Bank's CAR under Basel III was 14.95% against the minimum regulatory requirement of 10.25%. Of this, the Common Equity Tier I (CET I) CAR was 11.13% (against minimum regulatory requirement of 6.75%) and Tier I CAR was 11.87% (against minimum regulatory requirement of 7.00%). As on 31 March, 2017, the Bank's Tier II CAR under Basel III stood at 3.08% as the Bank raised total subordinated debt of ₹4,230 crores.

The following table sets forth the capital, risk-weighted assets and capital adequacy ratios computed as on 31 March, 2017 and 31 March, 2016 in accordance with the applicable RBI guidelines under Basel III.

(₹ in crores)

Particulars	2016-17	2015-16
Tier I capital	56,039.32	50,517.51
Tier II capital	14,565.85	11,231.79
Out of which		
- Tier II capital instruments	12,366.01	9,293.21
- Other eligible for Tier II capital	2199.84	1,938.58
Total capital qualifying for computation of capital adequacy ratio	70,605.17	61,749.30
Total risk-weighted assets and contingencies	472,313.18	403,949.18
Total capital adequacy ratio	14.95%	15.29%
Out of above		
- Common equity tier I capital ratio	11.13%	12.48%
- Tier I capital ratio	11.87%	12.51%
- Tier I capital ratio	3.08%	2.78%

Business Overview

An overview of the Bank's various business segments along with their performance during financial year 2016-17 and future strategies is presented below.

Retail Banking

Retail Banking has been the mainstay of the Bank's overall growth strategy in the last few years. It encompasses a wide array of products and services across deposits, loans, investments and payment solutions that 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 continues to focus on leveraging technology to innovate for next generation banking products and services. Customer Centricity is one of the organisational values and a core pillar of the Bank's vision and all the senior leaders of the Bank continuously mentor and motivate the teams. By pursuing this

customer centric approach, the Bank aim's to meet 'life cycle' financial needs of customers through innovative products and services backed by world-class service and delivery models. At an overall level, the Bank's aim is to simplify banking for its customers by offering simple products, secured payments and improved processes through effective use of technology.

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 grew by 19% in the current year and have grown at a Compounded Annual Growth Rate (CAGR) of 20% over the last five years. As on 31 March, 2017, the Bank had over 202 lakh savings account customers, registering a growth of 17%.

In line with the objective to constantly improve the existing suite of products, the Bank has introduced a revitalized Trust Savings proposition, whereby four new trust savings account variants were launched with benefits like discounts on Cash Management solutions, relationship pricing for other banking products, extension of premium programs to trustees/members of trust account.

Recurring Deposit is a suitable hook to gain a higher wallet share from the customer and also has a positive impact on the savings balances deepening. Considering the advantages which an RD product brings to overall stickiness, the Bank has recently launched a new and improved version of the Recurring Deposit.

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. During the year, the Bank introduced the first of its kind **Enhanced Set-Off facility** at portfolio level for **Portfolio Investment Scheme (PIS) Accounts** applicable for short term equity transactions only. This facility provides NRI customers the benefit of setting off losses against future profits and such loss can be carried forward for set off either till it is completely set-off against future profits or till the last day of the financial year, whichever is earlier.

The Bank also launched the **Online Appointment Booking Module** with a customized work-flow that allows NRI customers to book an appointment with the mapped RM/Branch as per their preferred date and time, during their visit to India.

The Bank introduced an enhanced **Online NRI Account Opening Module** which allows NRI customers to apply for a NRI account online, using document scan and upload facility. For select geographies, the Bank will enable "Paperless" account opening that negates the need for physical documents for account opening.

Burgundy, the Bank's proposition for affluent customers continued to scale up with AUM crossing ₹69,488 crores from more than 76,000 customers across 1,300+ branches. The proposition was further strengthened this year with some be-spoke products exclusively for Burgundy customers - Succession & Estate planning by Axis Trustee Services Ltd., Real Estate fund offering from Jones Lang LaSalle (JLL), the Select Credit Card, the best Term Life Insurance and Health Insurance solutions, the Brand Equity Discretionary PMS portfolio from Axis AMC and more. We also enabled our Relationship Managers with tablets to ensure improved customer service.

Retail Lending & Payments

The three main elements of the Bank's strategy on the retail lending and payments businesses for the fiscal 2017 continued to be cross-selling 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 savings account customer base continues to be a major driver for growth. Big data analytics led targeting of the known retail customer base for sales of unsecured lending, cards or other payment products continues to be core to the Bank's franchise building in this space. Overall, about 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

The Retail Assets portfolio has grown at a CAGR of 28% over the last five years. Total retail loans increased to ₹167,993 crores as on 31 March, 2017 from ₹138,521 crores last year, registering a growth of 21%. The Bank continued to increase its share of retail loans to total advances which stood at 45% compared to 29% in March 2012.

The retail loans portfolio continues to be focused on secured products, predominantly mortgages. Secured loan products accounted for 85% of retail loans, of which Home loans accounted for 44%, retail agricultural loans accounted for 16%, auto loans 10%, loans against property 8%, personal loans and credit cards were 12%, while non-schematic loans comprising loan against deposits and other loans accounted for 10%.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Being an emerging vertical within the Bank, Small Business Banking (SBB) has continued to sustain its growth trajectory in line with previous years. While there was slowdown in the market owing to demonetisation, the SBB book grew by 76%. The key to the success has been the re-engineering of the sales process, score-based decision making and strong engagement at the branch level. Additionally, we have built state-of-the-art digital platforms for disbursing OD facilities to the bank's existing customer base. SBB is also collaborating with leading Fintech companies to reach out to untapped market segments. Government initiatives like Stand up India and Pradhan Mantri Mudra Yojana (PMMY) were launched to bridge the finance requirements in focus segments as envisioned by the Hon'ble Prime Minister.

Technology remains an important enabler for the Bank's loan products. During the year, Stand up India Scheme (a GOI initiative) was launched to facilitate bank loans between ₹10 lakh to ₹1 crores to at least one SC or ST borrower and at least one woman borrower per bank branch for setting up a green field enterprise. The Bank also launched a pre-approved Auto Loan. Rural agricultural lending was another focus area for the Bank. As on 31 March, 2017, the Bank's outstanding loans in the agricultural sector grew at a healthy 15% to ₹26,742 crores from ₹23,218 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 group (LIG) and economically weaker segments (EWS). 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, Asha Home loans will help this particular segment aspire to own their dream house. Asha Home loans increased by 66% from ₹1,891 crores as on 31 March, 2016 to ₹3,131 crores as on 31 March, 2017.

Technology & Digital Banking

The year 2016-17 was a busy and a happening year for the Bank in terms of digital launches. With customers increasingly leading the charge as eager adopters of technology, digital initiatives continue to be the cornerstone of the Bank's effort in enhancing the banking experience for its customers. The Bank ensures that it is at the top of the digital innovation curve through exhaustive user research, rigorous analysis of customer complaints & requests and scanning the environment for latest digital solutions.

Continuing its pioneering status in electronic payments, the Bank was among the first to launch Axis Pay, the Unified Payment Interface (UPI) App that allows customers of any bank to transfer money to any other bank by just creating a unique Virtual payment address much like an email ID. The app has got over 2 million downloads since its launch. The Bank also integrated its Lime Wallet and UPI functionality within Axis Mobile during the year. Existing customers thus have access to the payment convenience of a wallet and have an added option of transferring funds to previously created beneficiaries through the UPI feature within their downloaded Axis Mobile app. Potential customers with no banking relationships can also download the Axis Mobile app for our Wallet and UPI services and post opening an account seamlessly use the same app for their banking needs.

During the year, an improved version of Axis Mobile App was launched with several new and useful features for the customers. The Bank in association with Magicbricks also launched the Property Search feature, exclusively on the Axis Mobile app.

The Bank launched an improved and responsive version of its website www.axisbank.com that allows desktop webpages to be viewed optimally on different browsing devices. The Bank also launched mobile version of internet banking, that offers the same features as the mobile app, it is useful for customers who have multiple devices. We have received a very strong response on this platform.

With an objective of promoting the ever growing health consciousness amongst our customers the Bank launched Axis Active in partnership with GoQii that not only acts as fitness band, but also serves as a NFC based payment device allowing payments across 50,000+ NFC enabled outlets across India. The Bank also launched Insta services on both Internet Banking and Mobile Banking platforms wherein eligible customers can change their personal details by just uploading supporting documents online, thus avoiding the hassles of visiting the branch.

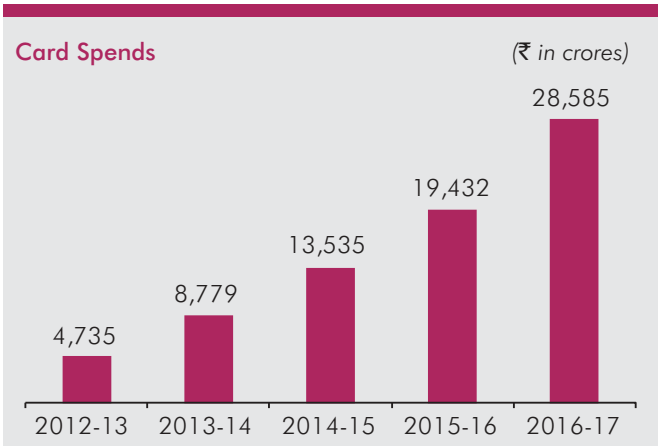
To tap into the potential offered by a majority of Indians using feature phones, the Bank launched Axis OK, a mobile app based on SMS and Missed Call Banking. Available in 6 languages, Axis OK allows user to perform almost all the internet banking functions without the need for an internet connection.

'Unimagined is Undone', the philosophy with which the Bank launched its innovation lab Thought Factory in Bangalore in June 2016 has been taking huge strides in bridging the gap between cutting edge innovation and various business teams of the Bank. This platform has helped in presenting and seeking solutions for real business problems from the start up community. The Bank assembled a diverse team of multifaceted and dedicated experts with years of experience in the start-up arena and BFSI domain within and outside the Bank. This team devotes considerable time each quarter with the designated start-ups offering more than just feedback in getting these ideas to life.

This collaborative approach was the cornerstone of the Best Digital Bank award that the Bank earned from Business Today, a leading Indian business magazine.

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 202 lakh. The Bank had over 33 lakh credit cards in force as of 31 March, 2017, making it the 4th largest credit card issuer in the country. The credit cards portfolio saw a substantial increase in spends by 47%, to ₹28,585 crores from ₹19,432 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 4.33 lakh terminals. In addition to introducing contactless Debit, Credit and Multi Currency Forex cards, the Bank also enabled almost 2.57 lakh merchant terminals for Near Field Communication (NFC) based card acceptance during the year. During the year, the Bank launched the Vistara range of co-branded cards. E-commerce continues to be on a strong growth trajectory. The spend volumes from E-commerce merchants ended at ₹19,767 crores in fiscal 2017.



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 9% 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 Ltd. Since the Bank's strategic bancassurance tie-up with Max Life Insurance Company Ltd. in 2010, the Bank has successfully helped insure over 8 lakh lives through its distribution channels. During the year, the Bank has tied up with Life Insurance Corporation of India, to broadbase insurance coverage of its customers. In General Insurance, the Bank has a tie-up with Tata AIG General Insurance Company Ltd. (American International Group). The Bank has entered into a Bancassurance partnership for health insurance with Apollo Munich Health Insurance Company Ltd. last year, which will help the Bank further expand its existing bouquet of offerings and put forth a compelling proposition to the clients in terms of medical and health insurance. The Bank remains committed to bring the best of insurance products that best suit the needs of its customers and is constantly looking at more and better avenues. During the year the Bank sold over 3.9 Lakh general insurance and health insurance policies amounting to ₹302 crores, at a growth of 38%.

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 3.75 lakh online trading accounts, and in the process crossed 1.35 million total customers count.

The bank distributes a broad range of Alternate Investment products such as Discretionary Portfolio Management Services, Private Equity & Real Estate Funds & Structured Products. These products are specially designed to cater to the niche segment of customers having different risk reward appetite. There is an increasing trend of HNIs investing in these alternative assets.

Branch & ATM Network

The Bank's organically built branch network over the last twenty three years has helped it to strategically lay down one of the best pan India branch networks. In today's digital world, we continue to adopt a model which blends best of both the worlds, digital and physical branch presence which remains imperative for liability acquisition. During the year, the Bank added 400 branches and its geographical reach extends to 29 states and 6 Union Territories, covering 1,946 centres and 631 districts. As on 31 March, 2017, the Bank had a network of 3,304 branches/ECs as compared to 2,904 last year. Around 16% of the Bank's branches are in rural areas and 13% of the Bank's rural branches are in unbanked locations. As on 31 March, 2017, the Bank had 14,163 ATMs. The Bank was the first private sector Bank to introduce recyclers which can accept and dispense cash. As on 31 March, 2017, the Bank had deployed 1,349 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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. During the fiscal 2017, Bank focused on not only mainstreaming the unbanked and under-banked people through opening basic savings account but also deploying business correspondents for last mile connectivity. Further, both the branches and business correspondents in rural areas have been equipped for Aadhaar enabled payments in view of promoting digital transactions.

As of 31 March 2017, the Bank is reaching out to customers in the unbanked and under-banked locations through 538 branches along with 1,738 business correspondents. During fiscal 2017, 4.60 lakh basic savings accounts were opened and 8.40 Lakh Aadhaar authenticated payments were done. Along with the rural presence, 14,833 business correspondents have been deployed in non-rural areas to enable people working there to conveniently make domestic remittances to their family. Overall, ₹5,550 crores were remitted through the business correspondents.

Consolidating on the Bank's efforts on providing basic banking services, the Bank through Government of India's social security schemes provides for a security net to a large cross section of the country's population. Overall, the Bank has issued 8.07 Lakh Pradhan Mantri Suraksha Bima Yojana (PMSBY) and 2.02 Lakh Pradhan Mantri Jeevan Jyoti Beema Yojana (PMJJBY) policies of which, as of 31 March, 17, the Bank has registered 277 claims under PMJJBY and 21 claims under PMSBY. Further, the Bank has actively promoted Atal Pension Yojana (APY) wherein the Bank is ranked 2nd amongst all major banks in sourcing of APY in fiscal 2017. Overall, 1.19 Lakh customers have been enrolled under APY.

Customer Experience & Service Quality

In a crowded banking market, just having good branch locations with high level of service delivery and competitive rates are not going to break the ice with new age customers. Today banks must find ways to remain relevant in future in the financial services industry by embracing Customer Experience as a key element of a sustainable competitive business model. Keeping this view in mind, the Bank has recently created a central Customer Experience division along with the existing Customer Service team empowered to work with all business units to improve the way we serve and deal with customers. The Bank is amongst the leading banks in India to set up a division like this and is evidence of the serious focus and commitment to Customer Centricity. The team is commissioned to periodically review internal processes, customer service and sales practices, policies, etc. keeping customer interest uppermost in mind.

Creating a knowledge pool helps customers to self-serve themselves and reach a resolution faster. With this intent, the Bank launched a support section on its website, thereby providing customers with ready repository of guidelines and instructions with which they can help themselves at their convenience. The section is hosted on https://www.axisbank.com/support and covers over 380 most common queries which are arrived at basis the service requests received by the banks across multiple delivery and service channels. This section witnessed over 15 lakh page-views for the month of March 2017. The bank has plans to further keep bolstering and adding customer centric functionalities to this section like Search, Chat, etc. in the next fiscal year.

Corporate Banking

During the fiscal 2017, the industry segment within non-food credit growth remained weak, and declined by 1.9%. The major sectors like power, metals and engineering that are key contributors to any country's infrastructure and capacity build up, reported weak credit demand. The problems of past few years like excess capacities, lower utilisations due to lower industrial activity and high leverage continued to impact the demand for bank credit in these key sectors. Resurgence in alternative funding sources in the form of credit substitutes due to sharp correction in market interest rates have also impacted overall bank credit growth.

The Bank's gross corporate advances portfolio grew by 5% during the fiscal year 2017, even as net corporate advances grew by 0.33%. The growth has been on account of cost efficient re-financing provided to better rated corporates with strong group financials.

During the year, the Bank renewed its focus on faster delivery of products and services to better rated corporates. Approximately 85% of new sanctions in the corporate book were to companies rated 'A' and above. Presently, 66% of outstanding corporate loans are to companies rated 'A' and above.

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

The Bank's strategy of Portfolio diversification through 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. The concentration risk has seen a

consistent decline in the last few years with exposure to top 20 single borrowers as percentage of tier 1 capital at 124% as on end March 2017, as compared to 283% at the end of fiscal 2010.

During the year the Bank has been cautious in its lending practices and has avoided sectors with imminent stress or unviable business models. Especially in case of project loans, the bank is aggressively focusing on the risks posed by contractual structures, regulations and sponsor strength. The lending in sectors has been very selective to higher rated corporates with a significant margin of safety. The percentage share of sanctions made during a year to challenged sectors like power, iron and steel, and infrastructure construction (excluding airports, roads and ports) stood at 13% for fiscal 2017, compared to 24% for fiscal 2012. During the year, the Bank continued to focus on the government business and increased its footprint in PSUs. the Bank also maintained its leadership position in the loan syndication market and syndicated an aggregate amount of ₹24,160 crores (₹22,613 crores in fiscal 2016) by way of rupee loans and USD 1.12 billion (USD 1.93 billion in fiscal 2016) of foreign currency loans.

Structured Finance Group (SFG)

The Bank's SFG is a specialized group focusing on resolution of non-retail impairments of the Bank. The team is based out of the Central Office in Mumbai, and oversees rectification and restructuring as well as recovery for the Western zone of the country. The central team is supported by three Regional Recovery Cells at Delhi, Kolkata and Chennai.

The slowdown in the corporate growth along with the large corporate debt burden has led to considerable stress on the balance sheets of most of the Indian financial institutions. Entities with project finance and term lending expertise which have financed the infrastructure growth have been impacted much more than other financiers. During the fiscal 2017, the challenged sectors like power, steel and infrastructure construction continued to weigh on the banking sector's asset quality. Though the steel sector saw some improvement in operating metrics on back of government intervention and recovery in global demand during the last year, the stress still continues to remain high. In the power sector, although the coal availability factor has now improved, concerns related to lack of power purchase agreements leading to lower plant load factors and operating performance continues to remain an overhang.

The Government and the Regulator have shown keen interest to alleviate and resolve the asset quality issues and get the economy back to a sustainable growth path. The policy initiatives of the Government like imposing import duties in certain segments like steel, focused approach in removing policy and regulatory constraints to revive the stalled projects and getting the Goods and Services Tax (GST) bill passed, with renewed focus on infrastructure, renewable and railways have helped improve the corporate sentiment.

Reserve Bank of India that had earlier introduced guidelines like 5/25 scheme and SDR during fiscal 2015 and fiscal 2016, came out with Scheme for Sustainable Structuring of Stressed Assets or S4A in June 2016 to enable banks to resolve stress in project loans. The SFG group is skilled to handle the changing regulatory landscape, and has been using the resolution mechanisms available to address the stressed portfolio.

Treasury

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

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

The proprietary trading group in Government securities within Treasury plays an important role of market making, participating in primary auctions of RBI etc. The Bank also holds one of the largest Corporate bond investment portfolio with 92% of them have rating of atleast 'A', and runs limited trading book in Equity, Commercial papers and Certificate of deposits.

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

The Bank continues to remain a dominant player in the Debt Capital Market (DCM) Segment. During the year, the Bank arranged ₹199,620 crores of bonds and debentures for various PSUs and corporates. The Bank has been ranked number one in the Bloomberg Official League Table for domestic bonds in India for the 10th Consecutive year, for calendar year 2016 and for the quarter ended March 2017. Bank has also been ranked number one arranger as per Prime Database for the nine months ended December 2016.

The Bank has started the International Debt Capital Markets business and has been a leader in this segment covering USD/EUR bonds,

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Masala bonds, Green bonds etc. The Bank became the first Indian entity to issue internationally listed certified dollar denominated Green bonds in June 2016. The Bank was also the Lead Manager in the very first Masala Bond issued by one of the leading housing finance companies and the first Green Masala Bond issued by one of the major public sector utility companies.

During the year, the Bank was awarded "India Bond House" by IFRAsia , "Best DCM House – India" by Finance Asia, "Best Domestic Debt House – India" by Asiamoney and "Best Domestic Bond House in India" for 20th Anniversary – Platinum award – by Finance Asia. The Bank was also named as "Top Bank in Corporate Bonds, India, Rank 1" and "Investors' Choice for Primary issues in Corporate Bonds, India" by The Asset Benchmark Research.

Transaction Banking

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

The key financial deliverables of the business are current account float balances and fee income. Current account balances grew from ₹63,652 crores as on 31 March, 2016 to ₹87,002 crores as on 31 March, 2017, a year on year growth of 37%. Daily average balances in current accounts grew 22%, from ₹40,140 crores in fiscal 2016 to ₹48,800 crores in fiscal 2017. The business generated a fee income of ₹2,022 crores in fiscal 2017, a growth of 11% year on year.

The key themes that the business has been focusing on are deepening share of wallet for existing clients, offering digital solutions to customers and enhancing customer service. The relationship managers and branches are continuously equipped with analytical tools and learning interventions to help cross-sell the large suite of transaction banking products to customers. Over the last two years, the Bank has expanded the footprint of B Category branches (branches authorized to handle forex business) significantly. As on 31 March, 2017, the Bank had 488 B Category branches.

Current Accounts

The Bank has over 1.7 million current accounts across its branch network served with a wide range of segmented and value-based offerings. The Bank has also significantly invested in complementing the branch network with digital channels such as internet banking and mobile banking, and also self-service solutions such as cash deposit machines. The Bank also enables customers to tailor the product features to suit their individual requirements. The Bank has taken several initiatives to deepen the current account relationships by cross-selling other products such as tax payments, cash management solutions, loans, forex and trade products, etc.

Cash Management Solutions

The Bank provides end-to-end cash management solutions by combining efficient collections and disbursements products, backed by state-of-the-art systems to ensure customized delivery. By leveraging on the Bank's extensive network and robust technology, these solutions provide for faster fund movement thereby reducing interest rates and improving customer's liquidity position. Cash management products include digital collection and payment solutions, offerings for collection of cheques and cash as well as bulk payment solutions for vendor, salary, interest and dividend payments. The Bank is also focusing on host-to-host integrations for both collections and payments, which involves IT integration with the client's server for seamless transactions and information flow. The Bank provides comprehensive structured MIS reports on a daily or monthly basis or as required by clients for better accounting and reporting.

Government Business

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

- Collection of Direct and Indirect Taxes
- Disbursement of Central Civil as well as Non-Civil (Railways, Defence, Telecommunication and Posts) Pensions
- Expenditure-related Payments on behalf of various Ministries/ Departments of Govt. of India
- State Government related transactions such as collection of Sales Tax, Pension Payments, etc.

The Bank is a participating entity in the Government's Public Financial Management System (PFMS). PFMS is a financial management system of the Planning Commission of India that is being implemented by the Office of the Controller General of Accounts, Ministry of

Finance, in partnership with National Informatics Centre (NIC). PFMS monitors different social sector programmes in India and tracks the disbursement of funds in relation to such programmes, using an online management information system and decision support system. The Bank also is associated with the e-Governance initiatives of five states and union territories, namely Andhra Pradesh (e-Seva), Karnataka (Bangalore One and Hubli-Dharwad One), Chandigarh UT (Sampark), Chhattisgarh (CHOICE), Uttar Pradesh (e-Suvidha) aimed at providing better services to the citizens.

Trade, Forex and risk management Services

The Bank offers a complete suite of Trade finance and foreign exchange business solutions through Forex "B" category branches spread across the country. The Bank also offers a variety of hedging solutions such as exchange and interest rate derivative structures, including options and swaps in accordance with the derivative policy of the Bank. In addition to having dedicated resources at the branches, the Bank has also stationed experts at various locations to provide advice on regulations governing trade and forex business and suitably customize offerings to meet specific needs of its customers. In addition to the services offered through Branch network spread across India, the Bank also leverages its tie-ups with reputed correspondent banks across the world.

International Retail

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

The Bank continued to have a market leadership position in forex cards with 16 currency options other than INR being offered. Additionally, the Bank offers Miles & More Multi-Currency Forex Card in association with Lufthansa airline aimed at frequent flyers, an industry first in this segment. The aggregate load value on forex cards crossed USD 8 billion during the year.

The Bank has also introduced Commercial Forex Card to address foreign currency payment needs of Corporates and Tour Operators. This serves as a substitute to traditional payment mechanisms like wire transfers, foreign currency demand draft and brings in efficiency in entire payment processing along with convenience of paying online instantly.

The Bank was the first in India to connect with Earthport's global payment network, which spans over 60 countries. This tie-up enables the Bank to offer faster outward remittances with value added features – transparency in charges and lower time taken to transfer. The volumes of retail remittances also rose by 49% during the year and the Bank processed outward remittances of USD 4.84 billion and inward remittances of USD 7.43 billion.

Custodial and Capital Market Services

Under the custodial business segment, the Bank offers a full range of custodial and fund accounting services for primary and secondary market operations involving debt, equity and money market instruments.

Lending to Small and Medium Enterprises

Small and Medium Enterprises (SME) remain an integral part of the Indian Economy. The Bank partners to provide the right impetus for growth in this sector. Currently the Bank operates from 54 SME Centres and 15 SME Cells across the country to service customers effectively covering more than 2,000 branches. In order to serve our customers' effectively, SME Business within the bank is divided into 3 Business verticals: Medium Enterprises Group (MEG), Small Enterprises Group (SEG) and Supply Chain Finance (SCF). Bank extends Working Capital, Term Loan, Trade Finance, Project Finance and Bill / Invoice Discounting to SMEs for their various Finance needs.

Fiscal 2017 was challenging on many fronts including the demonetization period. SME advances grew by 10% to ₹49,172 crores from ₹44,869 crores last year. The SME portfolio of the Bank constituted 13% of the Bank's total advances as on 31 March, 2017. The SME Business in the Bank continues to focus towards lending to the Priority sector (PSL) and is a significant contributor to the Bank's overall PSL portfolio. Special drives were undertaken during fiscal 2017 to promote lending to the Priority Sector which included product and marketing initiatives. As part of the strategy to focus on select important industrial clusters, the Bank launched a new product catering to the Education sector.

The Bank has a wide range of customized and fast track products for SME customers and has robust processes in place ensuring that the customer gets the best financial solution and consistent quality of service which suits his requirements. Building on the same platform, the Bank streamlined various internal processes on the digital platform leading to seamless services offered to the customer.

With a commitment to support the SME growth and be part of India's growth story, bank continued to spread "Evolve" series (Road Show series) to a new level. During the fiscal 2017, Evolve was organised in 35 cities where more than 5,000 SMEs participated. As during the

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

last two years, the series was much appreciated by all the participants and is a unique initiative in building the SME capacity. The Bank also acknowledged the best performers in SME segment by hosting the SME Awards "SME 100" held in Delhi. These initiatives were aligned to relevant government initiatives/national priority programs such as 'Make in India', 'Skill India', and 'Digital India'.

Despite the challenging environment where the economic growth remained slower and demonetisation too had an impact on SME sector, the asset quality remained relatively stable as the Bank focused on controlling the quality of the existing portfolio and continued its emphasis on acquiring better rated SME customers. However, the Bank remains watchful from lagged effects of demonetisation and ensuing changes post the implementation of GST. The Bank uses the augmented business analytical tools like Early Warning Signals, which helps the Bank to identify unfavourable sectoral trends early in the cycle and take corrective action if necessary. Around 84% of the SME portfolio lies in SME 1 to SME 3 category and around 94% of the new customers are rated SME 1 to SME 3.

International Banking

The International Banking strategy of the Bank continues to revolve around leveraging its relationships with corporates in India and non-resident Indians, by providing banking solutions at overseas centres. The Bank, through its international operations, leverages the skills and strengths built in its domestic operations. It also widens the horizon of the product offerings covering a varied spectrum of corporate and retail banking solutions across client segments in various geographies. The Bank has established its presence at strategic international financial hubs. The Bank has a small but strategic international network that 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 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 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. The Representative Office at Dhaka promotes trade finance business arising between Bangladesh and India & other Asian financial markets where Bank has a presence.

Given the uncertainties in global economies coupled with weak 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, 2017, the total assets at overseas branches stood at USD 8.37 billion as compared to USD 8.06 billion last year. Axis Bank UK Limited, the Bank's overseas banking subsidiary, completed its fourth year of operations during the year under review and its total assets stood at USD 823 million as against USD 662 million as on 31 March, 2016.

Business Intelligence Unit

From self driven car to chat BOTs, AI and Machine Learning are revolutionizing customer experience and decision making across industries globally. Being a bank for millions of aspiring Indians, Business Intelligence Unit of the Bank is also on the forefront for building & implementing AI and machine learning solutions in areas such as identification of customer base for pre-approved loans, creation of personalised product recommendations, branch and ATM location planning, identifying fraudulent transactions and to prioritise investigation on complex money laundering transactions. Set up in 2009, Axis Bank BIU started with providing analytical solutions to Retail Lending Business. Over these years, BIU, with 200+ in-house data scientists, is now developing solutions across Retail Banking, Wealth Management, Payments and Corporate Banking. In 2016, we have also set up "Thought Factory", an innovation lab of Axis Bank, in Bangalore to build scalable capabilities in AI and Machine learning to make customer banking experience intelligent, intuitive and instant.

Risk Management

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

The overall risk appetite and philosophy of the Bank is defined by its Board of Directors. The Risk Appetite framework provides guidance to the management on the desired level of risk for various types of risks in the long term and helps steer critical portfolio decisions. Further, the Internal Capital Adequacy Assessment Process (ICAAP) of the Bank assesses all the significant risks associated with various

businesses. The independent risk management structure within the Bank is responsible for managing the credit risk, market risk, liquidity risk, operational risk, other Pillar II risks like reputational risk and strategic risk and exercising oversight on risks associated with subsidiaries. The risk management processes are guided by well-defined policies appropriate for the various risk categories viz. credit risk, market risk, operational risk, liquidity risk, counterparty risk, country risk, reputational risk, strategic risk and subsidiaries risk, supplemented by periodic validations of the methods used and monitoring through the sub-committees of the Board. The Risk Management Committee (RMC), a committee constituted by the Board, approves policies related to risk and reviews various aspects of risk arising from the businesses undertaken by the Bank. The Committee of Directors (COD) and the Audit Committee of the Board (ACB) supervises certain functions and operations of the Bank, which ultimately enhances the risk and control governance framework within the Bank. Various senior management credit and investment committees, Credit Risk Management Committee (CRMC), Asset-Liability Committee (ALCO), Operational Risk Management Committee (ORMC), Subsidiaries Governance Committee (SGC), Reputation Risk Management Committee (RRMC), Information Security Committee (ISC) and Business Continuity Planning Management Committee (BCPMC) operate within the broad policy framework of the Bank.

Credit Risk

Credit risk is the risk of financial loss if a client, issuer of securities that the Bank holds or any other counterparty fails to meet its contractual obligations. Credit risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, borrower or obligor. The goal of credit risk management focuses on maintaining asset quality and concentrations at individual exposures as well as at the portfolio level.

Internal rating forms the core of the risk management process for wholesale business with internal ratings determining the acceptability of risk, maximum exposure ceiling, sanctioning authority, pricing decisions, review frequency. For the retail portfolio including small businesses and small agriculture borrowers, the Bank uses different product-specific scorecards. Large, risky or complex exposures require to be independently vetted by the risk department for each incremental transaction whereas small, templated exposures are extended within the approved product policies. Both credit and market risk expertise are combined to manage risks arising out of traded credit products such as bonds and market related off-balance sheet transactions.

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

During the year the Bank has brought greater alignment in bank level appetite and the operational limits. The key risk metrics are monitored regularly and deviations are discussed with business to decide on the course of remedial action. The governance around deviation from internal limits has also been considerably strengthened. Asset quality target on incremental business have been considerably tightened over the past few year. While parts of corporate portfolio remain under stress, we are beginning to see an improvement in the asset quality at the portfolio level. Concentration limits have also been tightened over the past few years. The Bank is comfortably on track to meet the standards of the large exposure framework that has been brought in by RBI.

Market Risk

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Liquidity Risk

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

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

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

Operational Risk

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

The RMC at the apex level is the policy making body and is supported by the Operational Risk Management Committee (ORMC), responsible for the implementation of the Operational Risk framework of the Bank and the management of operational risks across the Bank.

All new products and processes, as well as changes in existing products and processes are subjected to risk evaluation by the Operational Risk team. The overall responsibility of new products is vested with the Bank's Product Management Committee and Change Management Committee. Outsourcing arrangements are examined and approved by the Bank's Outsourcing Committee after due recommendations from the Operational Risk team. The IT Security Committee of the Bank provides directions for mitigating operational risk in the information systems. The Bank has set up a comprehensive Operational Risk Measurement System (ORMS) for documenting, assessing, and periodic monitoring of various risks and controls linked to various processes across all business lines. Over the year, the Bank has focused on strengthening the operational and information security risk frameworks by implementing several initiatives.

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

Information Technology

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

A new version of Axis Mobile app was launched for customers with the functionalities such as Buy/Sell Mutual Funds, Augmented Reality in 'Near Me' to find out nearest ATM, branch or best Dining delight offers at various nearby restaurants, Property Search, Set /Reset your Debit card PIN and Insta Service for updating customer details. "Happy Holiday" feature on Axis Mobile enables easy onboarding of customers to avail Travel Insurance & Forex card. During the year, the Bank also launched an 'Active' fitness band in partnership with GoQii using which customers can make payments at NFC-enabled outlets, track their fitness and earn reward points from the bank.

The Bank has focused on creating a constantly learning sales organization and driving sales force efficiency. The Bank is among the leading banks in India to launch image based disbursement of Tractor loans that has led to improvement in turnaround time by 2 days. Contact Centre capabilities are augmented to facilitate integrated and consistent interactions across all channels. The state of the art digital contact centre consists of speech analytics for better service. The Bank has also implemented an online chat module for its premium customers.

Delivering on the vision of an instantaneous, intelligent and interconnected payment ecosystem, the Bank has undertaken major initiatives in the payment space in fiscal 2017. Axis Pay App was launched by the Bank using UPI allowing customers to send or receive money, pay bills, recharge and shop with a single Virtual Payment Address (VPA). The Bank has built a customizable online payment gateway platform for corporate customers to process invoices seamlessly. The Bank has launched Bharat Bill Payment System (BBPS) based billing for select utility payouts. The Bank in association with Bengaluru Metropolitan Transport Corporation (BMTC) has launched 'Axis Bank BMTC Smart card', India's first ever open loop EMV contactless smart card that can be used for hassle free transit and retail purchases. The Bank is the first bank to launch NPCI (National Payments Corporation of India) integrated interoperable RFID (Radio Frequency Identification) tag for providing Electronic Toll Collection service for customers.

The Bank has set up Thought Factory, its Innovation Lab in Bengaluru to drive technology focused innovation across various business areas. Key programs include an in-house innovation team building new products and solutions, a Fintech Accelerator Program for mentoring high potential startups, and a co-working space in partnership with Amazon Web Services.

The Bank has also set up an in-house Development Center of around 100 people in fiscal 2017 to build front end and middleware systems in-house and achieve greater business agility.

Compliance

The Compliance function is reckoned as a key element in Bank's corporate governance structure. The Compliance function assists the Board and Top Management in managing the compliance risk which is the risk of legal or regulatory sanctions, financial loss or reputational loss that the Bank may suffer as a result of its failure to comply with the applicable laws, regulations or code of conduct applicable to banking activities.

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

As the focal point of contact with RBI and other regulatory entities, the Compliance Department periodically 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.

Internal Audit

The Bank's Internal Audit function provides to its Board of Directors and Senior Management an independent validation on the quality and effectiveness of the internal controls in place, risk management systems, governance systems and processes on an on-going basis. This is provided to primarily 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 RBIA has been designed taking into account regulatory guidelines and also international best practices. The policy has a well-defined architecture for conducting RBIA across all audit entities. The audit policy defines the audit strategy in terms of a concerted focus on strategic and emerging business risks. These inputs form a key step in the identification of the audit universe for the audit planning exercise. The audit frequencies are in sync with the risk profile of each unit to be audited. This is in alignment with guidelines relating to RBIA. The scope of RBIA includes examining the adequacy and effectiveness of internal control systems, external compliances and also evaluating the risk residing at the audit entities. Further to augment the internal audit function, concurrent audit, thematic audit and integrated audit reviews have been integrated into the internal audit process in order to make the function more robust.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Corporate Social Responsibility (CSR)

The primary purpose of the Bank's CSR philosophy is to make a meaningful and measurable impact in the lives of economically, physically and socially challenged communities of the country through an integrated approach of development which focuses on creating sustainable livelihood, promoting education and skills development, creating awareness amongst public at large on public interest topics including financial literacy, facilitating and providing access to formal banking channels for excluded sections, promoting environmental sustainability, and supporting health and sanitation initiatives.

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. 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 Bank has adopted multi-pronged approach for its CSR agenda, which is integrated with the Bank's sustainability objectives aimed towards creating enduring value for all stakeholders. Through Axis Bank Foundation, the Bank focuses on creating sustainable livelihoods, especially in rural and remote areas through interventions in agriculture productivity, watershed management, livelihood assets, and vocational training and skill development including for differently-abled people. During the year, the country witnessed a massive shift towards becoming less-cash society through extensive promotion of digital and non-cash transactions. Addressing the need of the hour, the Bank has stepped up its financial inclusion and financial digital literacy measures to help people make transition to digital and non-cash transactions. These measures in alignment with Government's JAM (Jan Dhan – Aadhar – Mobile) vision have immense potential to help people, especially those currently excluded from formal banking channels to access financial solutions, increase savings, improve livelihood earnings through access to micro-credit, gain access to Government schemes, and thus contribute to reduction of economic and social inequalities. The Bank has initiated projects across 24 villages to enable them completely move to digital and non-cash transactions through 'Digiprayas' program. Extensive financial literacy camps were conducted across the country. The Bank recognises that MSME sector is a vital component of economic growth and job creation which is also a priority focus area of the Government under programs such as 'Make in India', 'Skill India', 'Startup India' etc.. Through knowledge sharing programs, the Bank provides a platform for MSMEs to gain knowledge on topics related to the sector growth and future opportunities. The Bank also supports programs to contribute to entrepreneurial skill development by providing a platform for promising start-ups to be mentored by industry leaders. Environmental sustainability is another key focus area for the Bank. It undertakes various initiatives through promotion of renewable energy and energy efficiency to reduce carbon emissions and through ABF activities helps farmers adopt sustainable agriculture practices which contribute to environmental sustainability.

The prescribed CSR expenditure for the Bank for fiscal 2017 in terms of the Section 135 of the Companies Act, 2013 and Rules framed thereunder was ₹196.44 crores, against which the Bank has spent ₹135.39 crores towards various CSR initiatives. The details of initiatives taken by the Bank on CSR during the year as per annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given as an annexure to the Directors' Report.

Set up as a Public Charitable Trust in 2006, Axis Bank Foundation (ABF) is the Corporate Social Responsibility (CSR) arm of the Bank. 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 10.81 lakh beneficiaries till 31 March, 2017. ABF's programs are currently spread across 21 states and 221 districts of India. The Bank has made cumulative of ₹412 crores to ABF and its partner NGOs.

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. 29,796 Self Help Groups (SHGs) have been formed with a membership of 368,454 women. The SHGs have recorded a savings of over ₹106.44 crores and a borrowing of ₹180.01 crores from several banks.

The Livelihood programs also seek to train unemployed youth both abled and disabled which lead to their employability. 116,563 youth have been trained of which 65% have been placed.

ABF has a mission to create one million sustainable livelihoods by December 2017. A 50%increase in income is expected to be achieved through these livelihood enhancement programs. Till March 2017, over 9.12 lakh beneficiaries (63% are women) have been impacted by this program.

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, the Bank was rewarded by the 'CII Sustainability Domain (Corporate Social Responsibility) Excellence Award' in recognition of its CSR efforts and impacts created. The Bank also was recognised as 'Socially Aware Corporate of the Year' at Business Standard's Corporate Social Responsibility Awards, 2016 for the impacts created by ABF's livelihood programs over the past decade.

Additional details of the Bank's community development efforts can be accessed through the Bank's 'CSR & Sustainability' web-section on www.axisbank.com and ABF's website www.axisbankfoundation.org.

Human Resources

Axis Bank believes that nurturing our people capability is the core of driving business excellence and achieving Vision 2020. The Bank has made concerted efforts to ensure that the employees' capabilities are developed so that employees can handle challenges of future. The Bank ended the year with a workforce strength of 56,617 employees. Some key focus areas of the Bank were:

Reinforcing the culture and capability: Banking is all about trust. As Bankers, we are responsible for establishing, and maintaining trust during and beyond our association with the customers. The Bank's constant endeavour is to ensure that all employees embody this trust at all times, and it continues to drive this behaviour through various interventions.

The Bank takes significant efforts on an ongoing basis to examine how it can more rigorously and consistently adhere to compliance and governance norms. Towards this end, the Bank introduced 'Banking on Compliance' – a training intervention to reinforce the status of compliance standards as an important element of how we do our business. 44,872 employees of the Bank were certified through this program over a 3 month period. The Bank's leaders across levels personally delivered this training, further driving the message that the compliance and governance agenda is critical. The Bank has constantly re-emphasised on its compliance standards so that employees can internalize the same, and show the ethical behaviours that are expected.

The Bank believes in broad-based capability development. The Bank introduced a learning platform, the 'Axis Competency Profiler', to manage employee careers. The platform will be leveraged for conducting Knowledge and Application Based profiling for employees working in five areas. With a view to promote self-paced, contextualised learning, Axis Bank launched a tie-up with Coursera, becoming the first organization in India to do so. With this partnership, high performing employees gained access to three specially curated and customized courses from Ivy League universities for their professional and personal growth.

The Bank launched the 'Million stories' initiative with a view to capturing the rich legacy that lays the foundation of our culture. These stories celebrate the Axis Bank culture and motivate the employees. Axis Champions, the bank's premier awards, is an initiative to drive alignment of culture across the organization and recognize champions for their role model behaviours. This year the platform became bigger with 12,500 nominations pouring in from across the country.

Efforts have been made to enhance employee experience through personalized human connect as well as technology enabled connect. The best-in-class technology was deployed to automate HR processes & the internal employee portal, My Connect, was revamped to provide employees with a seamless and digitally enhanced HR experience. The experience was extended to prospective employees with Axis Bank becoming one of the first few organizations in the country to introduce faceless Interviewing.

Reinforcing Meritocracy: The Bank's integrated Performance Management & Capability Development system - ACElerate – helps in fostering high performance as well as building capability. Capability development interventions are provided to high performing employees to hone their skills further and help them perform at the next level. More than 28,000 employees underwent a 2-day behavioural training program customized to their grade and their role challenges. Enhancement Program was offered to poor performers as a lever to opt for stretch targets and have a chance at upgrading their rating retrospectively. The Bank's promotion process allows for the best performers to shine through, regardless of their age, gender, past performance & background. A young and engaged workforce with an average age of 30 years and the Bank's policy on being an equal opportunity employer continue to significantly contribute towards the Axis Bank brand.

Leadership development across levels has been the Bank's continued focus. The Bank follows an institutionalized approach of providing differentiated learning opportunities to the Top Talent. The Bank has partnerships with corporate education arms of elite institutes to custom design offerings for senior executives. This year, the content of the programs was re-designed to reinforce the new leadership imperatives that were recently articulated. Additionally, developmental interventions in the form of executive coaching, mentoring and feedback tools were introduced and extended to a wider audience to facilitate their leadership journey.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Partnering with external stakeholders: Axis Bank strives to serve its customers and the communities it operates in by including several pioneering interventions within the Bank and the broader community. Axis Bank Foundation has partnered with various organizations across the country for the overall development of the society. Leaders of the Bank engage with communities at the grass root level through the Social Impact Program.
The Bank spearheaded one of the largest crowdsourcing initiatives - 'Future of Jobs in India', a competition for all individuals in the age group of 18 – 30 years. 21,800 youngsters participated in across 453 cities to come up with innovative ideas that may create jobs of tomorrow. The winning ideas offered innovative solutions across the areas of waste management to transport sector.

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

Subsidiary Performance

During fiscal 2017, the Bank's subsidiaries reported healthy growth in revenue and earnings of 33% and 26% respectively. Axis Capital, the Bank's institutional equities and investment banking franchise contributed 25% to the total earnings of the subsidiaries. Axis AMC, Axis Finance and Axis Direct continued to contribute towards the Bank's Retail Franchise building strategy and strengthen the bond with its customers. Axis Finance Limited's net profit increased by 49% and contributed 36% to total subsidiaries' earnings. The other major contributors to the total earnings of the subsidiaries were Axis Securities, Axis Asset Management Company and Axis Bank UK, with share of 11%, 13% and 11% respectively.

Axis Finance reported 38% YoY growth in total loans with 58% growth in retail loans. Axis AMC reported 53% YoY growth in average AUM with 26% growth in total number of folios. Axis Long Term Equity Fund continues to be the largest ELSS fund in the industry with AUM of ₹12,396 crores and also among the top 10 equity funds in the industry. Axis Capital, the Institutional Equities and Investment Banking franchise successfully co-managed and participated in most of the IPOs undertaken during fiscal 2017.

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 of conditions of corporate governance by Axis Bank Limited (the 'Bank'), for the year ended on 31st March 2017, as stipulated in Chapter IV of 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.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in Chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to 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/E300005

per Viren H. Mehta
Partner
Membership No.048749

Place: Mumbai
Date: 26th April 2017

CORPORATE GOVERNANCE

(Part of the Directors' Report for the year ended 31st March 2017)

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, the relevant Rules made thereunder, the Banking Regulation Act, 1949, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and the Articles of Association of the Bank.

II. The Board of Directors of the Bank has an optimum combination of Independent, Non-Executive and Executive Directors. The Board presently comprises of 15 Directors representing diverse combination of professionalism, knowledge, expertise and experience as required in the banking business. The Board has 9 Independent Directors constituting more than one-third of its total membership strength and 3 Women Directors. None of the Directors or their relatives are related to each other.

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 its approach to ensure Board diversity so as to enhance its effectiveness whilst discharging its fiduciary obligations towards the stakeholders of the Bank.

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:

Sr. No.	Name of the Director	Category
1.	Dr. Sanjiv Misra	Independent Director & Non-Executive (Part Time) Chairman
2.	Smt. Shikha Sharma	Managing Director & CEO
3.	Shri 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	Nominee Director – Life Insurance Corporation of India (LIC) [Equity Investor]
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	Nominee Director – Administrator of the Specified Undertaking of Unit Trust of India (SUUTI) [Equity Investor]
13.	Shri V. Srinivasan	Deputy Managing Director
14.	Shri Rajiv Anand	Executive Director (Retail Banking)
15.	Shri Rajesh Dahiya	Executive Director (Corporate Centre)

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, the relevant Rules made thereunder, the Listing Regulations, Banking Regulation Act, 1949, Guidelines issued by the RBI, in this regard, from time to time and the Articles of Association of the Bank.

The responsibilities of the Board include 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.

Accordingly, the Board deliberates on matters such as business strategy, risk, financial results, succession planning, compliance, customer service, information technology and human resources as covered under the 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 at 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 Board has the discretion to engage external advisors as deemed appropriate.

In all, 7 meetings of the Board were held during the year 2016-17, i.e. on 25th April 2016, 12th May 2016, 21st July 2016, 31st August 2016, 24th October 2016, 20th December 2016 and 18th January 2017, which were spread over a period of 2 days except the meetings held on 12th May 2016 and 20th December 2016. The gap between two Board meetings did not exceed the prescribed limit of 120 days and the average maximum gap between two Board meetings held during the year was 70 days. The requisite quorum was present for all the meetings of the Board held during the year 2016-17.

The details of the Board meetings attended by the Directors during the year 2016-17, their attendance at the 22nd Annual General Meeting (AGM) of the Bank, the number of other Directorships and Memberships/ Chairmanships in Board Committees held by them, as on 31st March 2017, are given below:

(As on 31st March 2017)

Name of the Director	Board Meetings attended during the year	Sitting fees (in ₹)	Attendance at 22nd AGM (22nd July 2016)	Number of other directorships		Number of memberships in board committees[2]
				of Indian public limited companies	of other companies[1]	
Independent Director & Non-Executive (Part-Time) Chairman						
Dr. Sanjiv Misra, Non-Executive (Part-Time) Chairman (Appointed w.e.f. 18th July 2016)$	7/7	7,00,000	Yes	2	-	2(1)
Nominee Director – SUUTI						
Shri B. Babu Rao@&	6/7	6,00,000	Yes	4	1	1
Nominee Director – LIC						
Smt. Usha Sangwan@&	4/7	4,00,000	Yes	6	2	1
Independent Directors						
Shri V. R. Kaundinya	7/7	7,00,000	Yes	2	4	2
Shri Prasad R. Menon	7/7	7,00,000	Yes	1	1	2 (1)
Prof. Samir K. Barua	7/7	7,00,000	Yes	5	1	5 (2)
Shri Som Mittal	7/7	7,00,000	Yes	3	1	3 (2)
Shri Rohit Bhagat@	6/7	6,00,000	No	-	2	-
Shri S. Vishvanathan	7/7	7,00,000	Yes	1	-	1(1)
Shri Rakesh Makhija	7/7	7,00,000	Yes	5	-	4 (2)
Smt. Ketaki Bhagwati	7/7	7,00,000	Yes	-	-	-

CORPORATE GOVERNANCE (CONT.)

Name of the Director	Board Meetings attended during the year	Sitting fees (in ₹)	Attendance at 22nd AGM (22nd July 2016)	Number of other directorships		Number of memberships in board committees[2]
				of Indian public limited companies	of other companies[1]	
Managing Director / Whole Time Directors						
Smt. Shikha Sharma Managing Director & CEO	7/7	---	Yes	2	-	-
Shri V. Srinivasan Deputy Managing Director (DMD)	7/7	---	Yes	5	2	-
Shri Rajiv Anand Executive Director - Retail Banking (Appointed w.e.f. 4th August 2016) #	6/6	---	Yes	2	-	-
Shri Rajesh Dahiya Executive Director -Corporate Centre (Appointed w.e.f. 4th August 2016)#	6/6	---	Yes	1	-	-

The meetings held on 12th May 2016 and 20th December 2016 were conducted through video conference.

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

$ Dr. Sanjiv Misra, was appointed as an Independent Director of the Bank w.e.f. 12th May 2016 and thereafter as the Non Executive (Part-Time) Chairman of the Bank w.e.f. 18th July 2016, in terms of the approval granted by the RBI.

Shri Rajiv Anand and Shri Rajesh Dahiya were appointed as Directors of the Bank w.e.f. 12th May 2016 and thereafter as the Whole Time Directors designated as the Executive Director (Retail Banking) and Executive Director (Corporate Centre) of the Bank, respectively, w.e.f. 4th August 2016, in terms of the approval granted by the RBI.

& The sitting fees paid to Smt. Usha Sangwan (Nominee Director – LIC) and Shri B. Babu Rao (Nominee Director – SUUTI) for attending the meetings of the Board/Committees have been credited to the account of LIC and SUUTI respectively.

(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 listed company.
- Regulation 26 of the Listing Regulations:

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

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

Board Meetings

Schedule of Board meetings

The schedule in respect of the meetings of the Board / Committees thereof to be held during the next financial year and for the ensuing Annual General Meeting 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 14th 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 read and comprehend the matters to be dealt with and seek further information / clarification.

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

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

In case of business exigencies or urgency of matters, resolutions are passed by the Board through circulation. Video conferencing facilities are also used to facilitate participation by Directors who 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 and as mandated under the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Listing Regulations, Banking Regulation Act, 1949, Guidelines issued by the RBI, from time to time and the Articles of Association of the Bank.

The Board has constituted 12 Committees, viz., Committee of Directors, Audit Committee, Risk Management Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Special Committee of the Board of Directors for Monitoring of Large Value Frauds, Customer Service Committee, IT Strategy Committee, Review Committee, Acquisition, Divestment and Merger Committee and Committee of Whole-time Directors. The terms of reference of the said Committees of the Board were reviewed and approved by the Board at its meeting held on 19th January 2017. The revised 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.

The Agenda of the meetings of the Committees is finalised in consultation with the Chairman of the concerned Committees. 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 subsequent meetings. The Chairman of the Committees, briefs the Board on the key decisions taken by the Committee at its meetings.

CORPORATE GOVERNANCE (CONT.)

(1) Committee of Directors

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

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

i) To review loans sanctioned by Senior Management Committee (SMC), provide approvals for loans above certain stipulated limits, to discuss strategic issues in relation to credit policy and deliberate on the quality of the credit portfolio of the Bank.

ii) To monitor the exposures (both credit and investments) of the Bank and to consider and approve one time compromise settlement proposals, in respect of loan accounts which have been written off.

iii) To sanction revenue expenditures relating to the Bank's business/operations covering all its departments and business segments, above certain stipulated limits.

iv) To approve expansion of the location of the Bank's Network of offices, Branches, Extension counters, Automated Teller Machines, Automated Fare Collection Equipment and Currency chests locally as well as internationally and review the Annual Branch Expansion Plan and Annual Report of the Branches.

v) To review investment strategy, periodically review investments made and approve investment related proposals above certain limits.

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

vii) To ensure compliance with the statutory/regulatory framework, etc. locally as well as internationally.

viii) To discuss issues relating to day to day affairs/problems and to establish systems for facilitating efficient operations of the Bank.

ix) To assess the adequacy of Policies mandated by RBI/other regulators (domestic/overseas) relating to the business/operations of the Bank on an ongoing basis.

x) To review loans granted to directors (including the Chairman/Managing Director) of other banks which have been sanctioned by the Management Committee.

xi) To sanction credit facility extended to any firm/company in which any director of other banks is interested as a partner/ director or guarantor.

xii) Any other matter as may be authorised by the Board of Directors or required to be done pursuant to any applicable laws, rules, regulations or as decided by the Management of the Bank.

xiii) Any other matter as may be required to be done pursuant to the Board approved policy of the Bank.

In all, 10 meetings of the Committee of Directors were held during the year 2016-17 viz. on 24th May 2016, 24th June 2016, 27th July 2016, 12th September 2016, 3rd October 2016, 9th November 2016, 6th December 2016, 20th January 2017, 21st February 2017 and 23rd March 2017.

The details of the meetings of the Committee of Directors attended by the Members during the year 2016-17, are given below:

(in ₹)

Name of the Members	Attendance	Sitting fees
Shri S. Vishvanathan	10/10	5,00,000
Smt. Shikha Sharma@	8/10	---
Shri Prasad R. Menon	10/10	5,00,000
Shri V. Srinivasan@	9/10	---
Smt. Ketaki Bhagwati	10/10	5,00,000

The meetings held on 24th May 2016, 9th November 2016, 6th December 2016, 20th January 2017 and 21st February 2017 were conducted through video conference.

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

(2) Audit Committee

The Audit Committee of the Board of Directors of the Bank (Audit Committee) comprises of 4 members all of them being Independent Directors. The Members are Prof. Samir K. Barua (Chairman), Shri V. R. Kaundinya, Shri S. Vishvanathan and Shri Rakesh Makhija. The Members of the Audit Committee are financially literate and have requisite accounting and financial management expertise.

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

i) To provide direction and to oversee the operation of the audit function.

ii) To review the internal audit system with special emphasis on its quality and effectiveness.

iii) To review all matters as specified by RBI in the circular on Calendar of Reviews as per RBI Circular dated 10th November 2010 and notifications, if any, issued from time to time in this regard.

iv) To review findings of internal and concurrent audit reports.

v) To discuss the matters related to frauds.

vi) To discuss and follow up for the audit observations relating to Long Form Audit Report.

vii) To review the status of compliance with respect to Risk Assessment Report, Risk Mitigation Plan, Scrutiny Reports issued by RBI and any other domestic/overseas regulators and forensic audit reports by external agencies, if any.

viii) To review the concurrent audit system of the Bank (including the appointment of concurrent auditors) and appointment of statutory auditors.

ix) To oversee the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements is correct, sufficient and credible.

x) To recommend to the Board, the appointment, re-appointment, remuneration and terms of appointment of the statutory auditors of the Bank.

xi) To approve payments to statutory auditors for any other services rendered by them.

xii) To review, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:

- Matters required to be included in the Director's Responsibility Statement in the Board's report in terms of clause (5) of section 134 of the Companies Act, 2013.

CORPORATE GOVERNANCE (CONT.)

- Changes, if any, in accounting policies & practices and reasons for the same.
- Major accounting entries involving estimates based on the exercise of judgment by the management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Modified opinion in the draft audit report.

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

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

xv) To review with the management, performance and independence of statutory and internal auditors, adequacy of the internal control systems and effectiveness of audit process.

xvi) To obtain and review reports of the Compliance Officer appointed in the Bank, at stipulated periodicity, in terms of RBI instructions and circulated to all the functional heads.

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

xviii) To discuss with Chief Audit Executive/Internal Auditors any significant audit findings and follow up thereon.

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

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

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

xxii) To review functioning of the Whistle Blower and Vigilance Mechanism.

xxiii) To approve the appointment of the CFO. The Audit Committee, while approving the said appointment, shall assess the qualifications, experience & background, etc. of the candidate.

xxiv) To review and approve the appointment, removal and terms of remuneration of the Chief Audit Executive and/ or any change in the incumbency of the Chief Audit Executive of the Bank, along with the reasons for such change.

xxv) To approve any subsequent modification of transactions of the Bank that shall involve related parties.

xxvi) Scrutiny of inter-corporate loans and investments which are not in the ordinary course of business of the Bank.

xxvii) Evaluation of internal financial controls and risk management system.

xxviii) Valuation of undertakings or assets of the company, wherever it is necessary.

xxix) Review and approve the change in the incumbency of the Chief Compliance Officer of the Bank.

xxx) Review Segmental Reporting.

xxxi) Review of cases of wilful defaults.

xxxii) Review of the consolidated status of adherence to the arm's length principle by the subsidiaries/step down subsidiaries as per the Group Arm's Length Policy.

xxxiii) Review of the summary of changes in Compliance Officers of the subsidiaries.

The Chief Audit Executive and the Group Executive & Chief Financial Officer of the Bank attends the meetings of the Audit Committee. The Chief Audit Executive of the Bank directly reports to the Audit Committee of the Board. Prof. Samir K. Barua, Chairman of the Audit Committee attended the Twenty Second 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 the Audit Committee held during the year for review of the quarterly/annual financial results of the Bank. The Audit Committee also discusses with the Statutory Auditors on matters connected with the said financial results, without the presence of any executives of the Bank.

In all, 15 meetings of the Audit Committee were held during the year 2016-17 viz. on 7th April 2016, 26th April 2016, 25th May 2016, 23rd June 2016, 21st July 2016, 25th August 2016, 20th September 2016, 24th October 2016, 23rd November 2016, 5th December 2016, 22nd December 2016, 19th January 2017, 16th February 2017, 21st February 2017 and 22nd March 2017. The details of the meetings of the Audit Committee attended by the Members during the year 2016-17, are given below:

(in ₹)

Name of the Members	Attendance	Sitting fees
Prof. Samir K. Barua	15/15	7,50,000
Shri V. R. Kaundinya@	11/15	5,50,000
Shri S. Vishvanathan@	14/15	7,00,000
Shri Rakesh Makhija	15/15	7,50,000

The meeting held on 16th February 2017 was conducted through video conference.

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

(3) Risk Management Committee

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

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

i) To review the status of risk management in the Bank in pursuance of the objectives of the risk strategy of the Bank and in terms of the notifications/guidelines issued by the RBI or any other regulators and as assigned by the Board, from time to time.

CORPORATE GOVERNANCE (CONT.)

ii) To oversee and advise to the Board, on:

a) defining risk appetite, tolerance thereof and review the same, as appropriate;

b) the systems of risk management framework, internal control and compliance to identify, measure, aggregate, control and report key risks;

c) the alignment of business strategy with the Board's risk appetite;

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

iii) To advise the Board on all risk matters.

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

v) To review the asset liability management (ALM) of the Bank on a regular basis.

vi) To consider any major regulatory issues that may have a bearing on the risk profile and risk appetite of the Bank.

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

viii) To approve the strategy and policies of the Bank, to ensure well integrated enterprise risk management in the Bank.

ix) To review risk return profile of the Bank, capital adequacy based on the risk profile of the Bank's balance sheet, Basel-II implementation, assessment of Pillar II risk under Internal Capital Adequacy Assessment Process (ICAAP), business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures.

x) To exercise oversight over the risk management function of the Bank.

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

xii) To ensure that processes and infrastructure (including staffing, people, systems, operations, limits and controls) satisfy Bank's policy on risks.

xiii) To review and approve market risk limits, including triggers or stop-losses for traded and accrual portfolios.

xiv) To ensure certification of financial models – through appointment of qualified and competent staff and the effectiveness of all systems used to calculate market risk.

xv) To reinforce the culture and awareness of risk management throughout the organisation.

xvi) To provide guidance and inputs to the Board and the Management on the hiring and reporting structure of the Chief Risk Officer of the Bank.

xvii) To carry out any additional specific functions that may be laid down by RBI or other regulators from time to time, including oversight over funding and liquidity management;

xviii) Delegation of authority to the operating teams, operational risk capital methodology etc.

xix) To review the Potential Risks to Credit Portfolio, accentuated level of credit risk and rating migration.

xx) To review Stress Testing Results.

xxi) To review Back-Testing Report.

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

In all, 5 meetings of the Risk Management Committee were held during the year 2016-17 viz. on 25th April 2016, 15th June 2016, 21st July 2016, 24th October 2016 and 18th January 2017. The details of the meetings of the Risk Management Committee attended by the Members during the year 2016-17, are given below:

(in ₹)

Name of the Members	Attendance	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 Rohit Bhagat@	4/5	2,00,000
Smt. Ketaki Bhagwati	5/5	2,50,000

The meeting held on 15th June 2016 was conducted through video conference.

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

(4) Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Board of Directors of the Bank (Stakeholders Relationship Committee) comprises of 3 members out of which 1 is an Independent Director. The Members are Shri V. R. Kaundinya, Independent Director (Chairman), Shri B. Babu Rao, Non-Executive Director and Shri Rajesh Dahiya, Executive Director (Corporate Centre) of the Bank.

The Board of Directors approved the induction of Shri Rajesh Dahiya, Executive Director (Corporate Centre), as a Member of the Committee in place of outgoing Member Shri V. Srinivasan, Deputy Managing Director of the Bank, w.e.f. 12th October 2016.

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

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

i) To review the status of redressal of correspondences/ complaints, received from the security holders of the Bank/ Statutory/ Regulatory Authorities, inter alia relating to non-receipt of dividend/ interest/ refund order/ redemption of debt securities, transfer/ transmission of shares, non-receipt of annual report and other related documents.

ii) To review the adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent to its shareholders.

iii) To review the various measures/ initiatives taken by the Bank inter alia for reducing the quantum of unclaimed dividends, ensuring timely receipt of dividend warrant/ annual report/ statutory notice by the shareholders of the Bank and recommend measures to further enhance the service standards for the benefit of the security holders of the Bank.

CORPORATE GOVERNANCE (CONT.)

iv) To review the status of compliance by the Bank under applicable Corporate and Securities laws.

v) To consider and review such other matters, as the Committee may deem fit, from time to time.

In all, 4 meetings of the Stakeholders Relationship Committee were held during the year 2016-17 viz. on 13th April 2016, 13th July 2016, 18th October 2016 and 18th January 2017. The details of the Stakeholders Relationship Committee meetings attended by the Members during the year 2016-17, are given below:

(in ₹)

Name of the Members	Attendance	Sitting fees
Shri V. R. Kaundinya	4/4	2,00,000
Shri B. Babu Rao	4/4	2,00,000
Shri V. Srinivasan@ (ceased to be a Member w.e.f. 12th October 2016)	1/2	---
Shri Rajesh Dahiya (inducted as a Member w.e.f. 12th October 2016)	2/2	---

The meeting held on 18th October 2016 was conducted through video conference.

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

(5) Nomination and Remuneration Committee

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

The Board of Directors approved the induction of Shri Rakesh Makhija, Independent Director, as a Member in place of the outgoing member Prof. Samir K. Barua, Independent Director of the Bank, w.e.f. 12th October 2016.

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

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

For Nomination/Governance matters:

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

ii) Evaluate the skills that exist, and those that are absent but needed at the Board level, based on the diversity policy of the Board and search for appropriate candidates who have the profile to provide such skill sets.

iii) To evaluate the succession planning process adopted by the Bank and suggest suitable course of action, if any, relating to vacancies that would be required to be filled at Board level on account of retirement/resignation/expiry of term of Directors including Chairman.

iv) Advise criteria for evaluation of Individual and Independent Directors, Board as a whole as well as Committees thereof and shall carry out evaluation of performance of Individual and Independent Directors, Board as a whole and Committees thereof.

v) Undertake a process of due diligence to determine the suitability of any person for appointment/continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity, 'fit and proper' criteria, positive attributes and independence (if applicable) and on the basis of the report of performance evaluation of directors including independent directors and formulate the criteria relating thereto.

vi) To recommend the appointment/re-appointment of Managing Director & CEO and other Whole-Time Directors and also terms of their appointment including remuneration, for the approval of the Board.

vii) To identify persons who may be appointed in Senior Management position of the Bank, in accordance with the criteria laid down and recommend their appointment/ removal for the approval of the Board.

viii) Formulate and review the Policy on Board Diversity.

For Remuneration/HR matters:

i) Review and recommend to the Board for approval, the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors, Key Managerial Personnel and other employees of the Bank.)

ii) Review and recommend to the Board for approval of the level and structure of fixed pay, variable pay, perquisites, bonus pool and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & CEO, the Whole-time Directors and Senior Management and also annual revision in remuneration to be made thereof.

iii) Review and recommend to the Board for approval the total increase in manpower cost budget of the Bank as a whole, at an aggregate level, for the next year.

iv) Recommend to the Board the compensation payable to the Chairman of the Bank.

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

vi) Review and recommend to the Board for its approval, the talent management and succession policy and process in the Bank, for ensuring business continuity, especially at the levels of Managing Director & CEO, Whole Time Directors and Senior Management and other key roles of the Bank and their progression to the Board.

vii) Review and recommend to the Board for approval the creation of new positions one level below the Managing Director & CEO of the Bank.

viii) Set the goals, objectives and performance benchmarks for the Bank and for Managing Director & CEO, the Whole Time Directors and Senior Management for the financial year and over the medium to long term.

ix) Review the performance of the Managing Director & CEO, the Whole-Time Directors and Senior Management of the Bank, at the end of every financial year.

x) Review organization health through feedback from employee surveys conducted on a regular basis.

xi) Perform such other duties as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

xii) Review and recommend to the Board for approval, the early retirement option scheme for the Whole-Time Directors and other employees of the Bank.

xiii) Consider and approve the Stock based compensation for all the employees of the Bank including the Managing Director & CEO, the Whole-time Directors, Senior Management and other eligible employees of the Bank, in terms of the relevant provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, from time to time.

In all, 7 meetings of the Nomination and Remuneration Committee were held during the year 2016-17 viz. on 13th April 2016, 25th April 2016, 12th May 2016, 24th October 2016, 18th January 2017, 27th February 2017 and 23rd March 2017. The details of the meetings of the Nomination and Remuneration Committee attended by the Members during the year 2016-17, are given below:

CORPORATE GOVERNANCE (CONT.)

(in ₹)

Name of the Members	Attendance	Sitting fees
Shri Prasad R. Menon	7/7	3,50,000
Shri V. R. Kaundinya@	6/7	3,00,000
Prof. Samir K. Barua (ceased to be a Member w.e.f. 12th October 2016)	3/3	1,50,000
Shri Rohit Bhagat	7/7	3,50,000
Shri Rakesh Makhija (inducted as a Member w.e.f. 12th October 2016)	4/4	2,00,000

The meetings held on 13th April 2016, 12th May 2016, 27th February 2017 and 23rd March 2017 were conducted through video conference.

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

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

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

The Board approved the induction of Shri Rakesh Makhija, Independent Director of the Bank and Shri B. Babu Rao, Non-Executive Director of the Bank as Members of the Committee in place of the outgoing Members Shri V. Srinivasan, Deputy Managing Director of the Bank and Shri V. R. Kaundinya, Independent Director of the Bank, w.e.f. 12th October 2016. Further, the Board approved the induction of Shri Rajesh Dahiya, Executive Director (Corporate Centre) of the Bank, as a Member of the Committee in place of outgoing Member, Smt. Usha Sangwan, Non-Executive Director of the Bank, w.e.f. 24th October 2016.

Smt. Shikha Sharma, Managing Director & CEO of the Bank stepped down as a Chairperson of the Committee. The Members unanimously elected Prof. Samir K. Barua, Independent Director to act as a Chairman of the Committee, w.e.f. 24th October 2016.

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

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

ii) Identify the reasons for delay, in detection, if any, and reporting to top management of the Bank and RBI.

iii) Monitor progress of CBI/Police investigation and recovery position.

iv) Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.

v) Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls.

vi) Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

vii) To review the reporting of all identified accounts to Central Fraud Monitoring Cell (CFMC), RBI as per existing cut-offs and to review reporting of all accounts beyond ₹500 million classified as RFA or 'Frauds' on the CRILC data platform with the dates on which the accounts were classified as such as per the existing cut-offs.

viii) To consider and approve the Policy prescribing the process to be adopted by the Financial Crime Management Department of the Bank to implement the directions of the Committee, subject to review by the Board.

ix) To review cyber frauds and specifically monitor the progress of the mitigating steps taken by the Bank in such cases and the efficacy of the same in containing fraud numbers and values.

x) To review functioning of the Fraud Review Council (FRC) with regard to fraud trends and preventive steps taken by the business groups within the Bank to prevent/curb the frauds.

xi) To review the Fraud Risk Management process, Fraud Monitoring and Fraud Investigation Function of the Bank.

In all, 4 meetings of Special Committee for Monitoring of Large Value Frauds were held during the year 2016-17 viz. on 23rd June 2016, 20th September 2016, 22nd December 2016 and 22nd March 2017. The details of the meetings of the Special Committee for Monitoring of Large Value Frauds attended by the Members during the year 2016-17, are given below:

(in ₹)

Name of the Members	Attendance	Sitting fees
Prof. Samir Barua	4/4	2,00,000
Smt. Shikha Sharma@	3/4	---
Shri V. R Kaundinya (ceased to be a Member w.e.f. 12th October 2016)	2/2	1,00,000
Shri V. Srinivasan (ceased to be a Member w.e.f. 12th October 2016)	2/2	---
Shri Rakesh Makhija (inducted as a Member w.e.f. 12th October 2016)	2/2	1,00,000
Shri B. Babu Rao (inducted as a Member w.e.f. 12th October 2016)	2/2	1,00,000
Smt. Usha Sangwan@ (ceased to be a Member w.e.f. 24th October 2016)	0/2	---
Shri Rajesh Dahiya (inducted as a Member w.e.f. 24th October 2016)	2/2	---

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

(7) Customer Service Committee

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

The Board of Directors approved the induction of Shri Rajiv Anand, Executive Director (Retail Banking) of the Bank, as a Member of the Committee in place of the outgoing Member Smt. Shikha Sharma, Managing Director & CEO of the Bank and Prof. Samir Barua, Independent Director of the Bank ceased to be a Member of the Committee, w.e.f. 12th October 2016.

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

i) Overseeing the functioning of the Bank's Standing Committee on Customer Service.

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

iii) Provide guidance in improving the customer service level/customer care aspects in the Bank.

iv) Review awards given by the Banking Ombudsman in respect of a complaint filed by any customer with the Ombudsman and also to review awards remaining unimplemented for more than three months with the reason(s) thereof.

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

CORPORATE GOVERNANCE (CONT.)

vi) The Committee could address the formulation of a Comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor for operation of his account, the product approval process with a view to its suitability and appropriateness, the annual survey of depositor satisfaction and the triennial audit of such services.

vii) The Committee could also examine any other issues having a bearing on the quality of customer service being rendered by the Bank including the root cause analysis of the Complaints being made.

viii) To ensure implementation of the directives issued by the RBI, from time to time, with respect to rendering services to customers of the Bank.

ix) To review the customer complaints received against subsidiaries of the Bank.

x) To review the status of providing ramp facility at the branches of the Bank, for the benefit of the disabled customers of the Bank to access the branch and conduct banking transactions without any difficulties and to review the status of implementation of recommendations made by the Committee for providing other services for the benefit of physically disabled customers of the Bank.

xi) To review the progress made by the Bank relating to converting all existing ATMs as talking ATMs with Braille keypads for the benefit of blind customers.

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

In all, 5 meetings of the Customer Service Committee were held during the year 2016-17 viz. on 25th April 2016, 30th June 2016, 21st July 2016, 24th October 2016 and 18th January 2017. The details of the meetings of the Customer Service Committee attended by the Members during the year 2016-17, are given below:

(in ₹)

Name of the Members	Attendance	Sitting fees
Shri Som Mittal	5/5	2,50,000
Smt. Shikha Sharma@ (ceased to be a Member w.e.f. 12th October 2016)	1/3	---
Prof. Samir K. Barua (ceased to be a Member w.e.f. 12th October 2016)	3/3	1,50,000
Shri B. Babu Rao@	4/5	2,00,000
Shri Rajiv Anand (inducted as Member w.e.f. 12th October 2016)	2/2	---

The meeting held on 30th June 2016 was conducted through video conference.

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

(8) IT Strategy Committee

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

The Board of Directors approved the induction of Shri Rajiv Anand, Executive Director (Retail Banking) of the Bank, as a Member, w.e.f. 12th October 2016.

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

i) Approving IT strategy and policies.

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

iii) Ensuring and ratifying that the business strategy is aligned with the IT strategy.

iv) Ensuring that the IT organizational structure serves business requirements and direction.

v) Oversight over implementation of processes and practices that ensures IT delivers value to businesses.

vi) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.

vii) Ensuring proper balance of IT investments for sustaining Bank's growth.

viii) Assess exposure to IT risks and its controls and evaluating effectiveness of management's monitoring of IT risks.

ix) Assessing management's performance in implementing IT strategies.

x) Assessing if IT architecture has been designed to derive maximum business value.

xi) Reviewing IT performance measurement and contribution to businesses.

xii) To approve capital and revenue expenditure in respect of IT procurements.

xiii) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.

xiv) Assessing Senior Management's performance in implementing IT strategies.

xv) Overseeing the aggregate funding of IT at a bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks.

xvi) Ensuring that the IT organizational structure complements the business model and its direction.

xvii) Review the activities of the IT Steering Committee.

xviii) Reviewing strategy for addressing cyber security risks and review of related issues.

xix) Review of the IT related frauds, if any.

In all, 5 meetings of IT Strategy Committee were held during the year 2016-17 viz. on 30th June 2016, 12th September 2016, 24th October 2016, 20th December 2016 and 15th March 2017. The details of the meetings of the IT Strategy Committee attended by the Members during the year 2016-17, are given below:

(in ₹)

Name of the Members	Attendance	Sitting fees
Shri Som Mittal	5/5	2,50,000
Shri Prasad R. Menon	5/5	2,50,000
Smt. Shikha Sharma@	4/5	---
Shri V. Srinivasan@	4/5	---
Shri Rajiv Anand@ (inducted as Member w.e.f. 12th October 2016)	2/3	---

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

(9) Corporate Social Responsibility Committee

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

CORPORATE GOVERNANCE (CONT.)

The Board of Directors approved the induction of Shri Rajesh Dahiya, Executive Director (Corporate Centre) of the Bank, as a Member in place of the outgoing Member Shri V. Srinivasan, Deputy Managing Director of the Bank, w.e.f. 12th October 2016. Further, the Board of Directors approved the induction of Shri Rajiv Anand, Executive Director (Retail Banking) of the Bank, as a Member in place of the outgoing Member Smt. Usha Sangwan, Non-Executive Director of the Bank, w.e.f. 24th October 2016.

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

i) Formulating and recommending to the Board, the Corporate Social Responsibility (CSR) strategy of the Bank including the CSR Policy, its implementation and review such that the Bank's social, environmental and economic activities are aligned.

ii) Reviewing and approving, the CSR activities to be undertaken by the Bank either directly or through Axis Bank Foundation and determining the CSR projects / programmes which the Bank plans to undertake during the year of implementation, specifying modalities of execution in the areas / sectors chosen and implementation schedules for the same.

iii) Recommending the amount of expenditure to be incurred on the CSR activities in accordance with Section 135(5) of the Companies Act, 2013.

iv) Review and monitor the compliance of initiatives undertaken and evaluate performance of the activities against the agreed targets.

v) Conduct an impact assessment of the various initiatives undertaken in terms of the CSR Policy of the Bank at periodic intervals.

vi) Instituting a transparent monitoring mechanism for ensuring implementation of the projects/ programs/ activities proposed to be undertaken by the Bank.

vii) Reviewing and recommending the annual CSR report for the Board's approval and for public disclosure.

viii) Performing such other duties with respect to CSR activities, as may be required to be done by the Bank under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

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

In all, 5 meetings of CSR Committee were held during the year 2016-17 viz. on 26th April 2016, 30th June 2016, 12th September 2016, 20th December 2016 and 15th March 2017. The details of the CSR Committee meetings attended by the Members during the year 2016-17, are given below:

(in ₹)

Name of the Members	Attendance	Sitting fees
Shri Som Mittal	5/5	2,50,000
Shri V. Srinivasan@ (ceased to be a Member w.e.f. 12th October 2016)	2/3	---
Shri Rajesh Dahiya (inducted as a Member w.e.f. 12th October 2016)	2/2	---
Smt. Usha Sangwan (ceased to be a Member w.e.f. 24th October 2016)	3/3	1,50,000
Shri Rajiv Anand@ (inducted as a Member w.e.f. 24th October 2016)	1/2	---

The meetings held on 30th June 2016 and 12th September 2016 were conducted through video conference.

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

(10) Review Committee

The Review Committee of the Board of Directors of the Bank (Review Committee) comprises of 4 members out of which 2 are Independent Directors. The Members are Smt. Shikha Sharma, Managing Director & CEO (Chairperson), Shri S. Vishvanathan, Independent Director, Smt. Ketaki Bhagwati, Independent Director and Shri V Srinivasan, Deputy Managing Director of the Bank.

The Board of Directors approved the induction of Smt. Ketaki Bhagwati, Independent Director of the Bank as a Member of the committee in place of the outgoing Member Shri V. R. Kaundinya, Independent Director of the Bank and the induction of Shri V. Srinivasan, Deputy Managing Director of the Bank, w.e.f. 12th October 2016.

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

i) To review and confirm the Order(s) passed by the said Internal Committee identifying a borrower as a Wilful Defaulter, in terms of Para 3 (c) of the RBI Master Circular No. RBI/2015-16/100 DBR.No.CID. BC.22/20.16.003/2015-16 dated 1st July 2015.

ii) To review and confirm the Order(s) passed by the said Internal Committee identifying a borrower as a Non-cooperative borrower, in terms of Para 2 (d) of RBI Circular No. RBI/2014-15/362 DBR.No.CID. BC.54/20.16.064/2014-15 dated 22nd December 2014.

iii) To review the information relating to the Non-cooperative borrowers to be submitted to Central Repository of Information on Large Credits (CRILC).

In all, 2 meetings of Review Committee were held during the year 2016-17 viz. on 24th October 2016 and 20th January 2017. The details of the meetings of the Review Committee attended by the Members during the year 2016-17, are given below:

(in ₹)

Name of the Members	Attendance	Sitting fees
Smt. Shikha Sharma@	1/2	---
Shri S. Vishvanathan	2/2	1,00,000
Smt. Ketaki Bhagwati (inducted as a Member w.e.f. 12th October 2016)	2/2	1,00,000
Shri V. Srinivasan (inducted as a Member w.e.f. 12th October 2016)	2/2	---
Shri V. R. Kaundinya (ceased to be a Member w.e.f. 12th October 2016)	0/0	---

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

(11) Acquisitions, Divestments and Mergers Committee

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

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

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

i) Strategic investments are distinct from financial investments. The basic parameters for defining such investments are:

- Acquisition of greater than 25% stake in a company.

CORPORATE GOVERNANCE (CONT.)

- Acquisition of stake in a company where the proportion is 25% or lower but where the Bank intends to have management participation. (However, these would exclude cases where the stake is acquired under a loan-restructuring/CDR arrangement or where shares are pledged to the Bank against credit facilities).

ii) Strategic divestments

- Sale of an existing business of the Bank (as distinct from the sale of assets in the normal course of business such as sale of loans/investment portfolios, sale of assets to ARCs and fixed assets).

iii) Acquisition of business

- Business takeover/acquisition as distinct from portfolio or asset purchase (As distinct from the normal purchase of loans/investment portfolios, purchase of assets etc. If the purchase of a portfolio is accompanied by other integral elements of the business such as manpower, technology or a distribution franchise, a reference should be made to the Committee).

iv) Sale of stake (including minority stake) in strategic investments/ subsidiaries.

In all, 1 meeting of ADAM Committee was held during the year 2016-17 viz. on 21st July 2016. The details of the meeting of the ADAM Committee attended by the Members during the year 2016-17, are given below:

(in ₹)

Name of the Members	Attendance	Sitting fees
Shri Prasad Menon	1/1	50,000
Smt. Shikha Sharma	1/1	---
Shri Rohit Bhagat@	0/1	---
Shri Rakesh Makhija	1/1	50,000

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

(12) Committee of Whole-Time Directors

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

Shri Rajiv Anand Executive Director (Retail Banking) and Shri Rajesh Dahiya Executive Director (Corporate Centre) became Members of the COWTD, w.e.f.12th May 2016, pursuant to their appointment as Directors of the Bank.

The terms of reference of COWTD, are as under:

i) Issuance of Power of Attorney to various officials of the Bank.

ii) Allotment of equity shares under ESOP scheme.

iii) Issue of Duplicate Share Certificates in Lieu of original Share Certificates Lost/ Misplaced.

iv) Annual Branch Expansion Plan approved by the Board: Substitution of Branch Centres/ New Specialised & CPC/ Service Branches/ Rural Unbanked Centre.

v) Review of the Security measures in branches and ATMs.

vi) Interest Rates on Deposits.

vii) Investments/ Disinvestments in SLR securities & Derivatives deals during the month.

viii) Review of Non SLR activities for the month.

ix) Review of the Domestic Funds Management and SLR Investments for the month.

x) Correspondent Banking Relationship – Opening of Nostro and Vostro Accounts.

xi) Empanelment/Dis-Empanelment of Broker for FC- INR Option Market Segment, Derivative Segment, Equity and Wholesale Debt Market Segment.

xii) Quarterly report on Customer Service for Exporters.

xiii) Money Market Operations – Deals through approved brokers.

xiv) Modification/ Changes in Service Charges.

xv) Reporting of the Debenture Trustee Activities.

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

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

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

xix) Appointment of Trustees for Employees Welfare Trust, Employees Group Gratuity Assurance Scheme, Provident Fund, Employees Superannuation Scheme of the Bank.

xx) Approval of On-Boarding of Co-operative Banks.

xxi) Approval/Ratification of Risk Policies of Overseas Branches.

xxii) Setting up/Enhancement of New Counterparty Exposure Limits - under Exception Route.

xxiii) To review status of events escalated.

xxiv) Any other matter as may be authorised by the Board of Directors/Board Level Committees or required to be done pursuant to any laws, rules, regulations or any internal circular of the Bank.

xxv) Any other routine administrative matters.

In all, 7 meetings of COWTD were held during the year 2016-17 viz. on 24th May 2016, 24th June 2016, 27th July 2016, 27th September 2016, 28th November 2016, 30th January 2017 and 23rd March 2017. No sitting fees were paid to the Members of the COWTD.

CORPORATE GOVERNANCE (CONT.)

The details of the COWTD meetings attended by the Members during the year 2016-17, are given below:

(in ₹)

Name of the Members	Attendance	Sitting fees
Smt. Shikha Sharma	7/7	---
Shri V Srinivasan	7/7	---
Shri Rajiv Anand (inducted a Member w.e.f. 12th May 2016)	7/7	---
Shri Rajesh Dahiya (inducted a Member w.e.f. 12th May 2016)	7/7	---

Special Meeting of Independent Directors

During the year under review, the Independent Directors of the Bank met on 18th January 2017 without the presence of the Non-Independent Directors and Members of the Senior Management of the Bank. The Independent Directors amongst themselves elected Shri V. R. Kaundinya to act as the Chairman for the said meeting.

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

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

Remuneration Policy

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

The 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 extant compensation regulations as applicable.

Remuneration of Directors

i. The RBI vide letter no. DBR.APPT.No.12637/08.86.001/2015-16 dated 6th April 2016 had approved the re-appointment of Dr. Sanjiv Misra as the Non-Executive (Part-Time) Chairman (Nominee Director) of the Bank for a period of three months w.e.f. 11th March 2016. Pursuant to the alteration of Article 90 of the Articles of Association of the Bank on 10th May 2016, wherein the right of SUUTI to nominate the Non-Executive Chairman of the Bank was revoked, Dr. Sanjiv Misra resigned as the Non-Executive (Part-Time) Chairman (Nominee Director) of the Bank. The Board of Directors of the Bank at its meeting held on 12th May 2016 appointed Dr. Sanjiv Misra as an Independent Director of the Bank and as the Non-Executive (Part-Time) Chairman of the Bank w.e.f. 12th May 2016, subject to the approval of the RBI and the Shareholders of the Bank. Thereafter, the RBI vide its letter no. DBR.APPT.NO. 891/08.86.001/2016-17 dated 18th July 2016 approved the appointment of Dr. Sanjiv Misra as the Non-Executive (Part-Time) Chairman of the Bank, for a period of 3 years w.e.f. 18th July 2016. As such, during the period from 12th May 2016 upto 17th July 2016, Dr. Sanjiv Misra was an Independent Director of the Bank. The details of remuneration paid/payable to Dr. Sanjiv Misra, in terms of the approvals granted by the RBI and the Shareholders of the Bank for the financial year 2016-2017, is as under:

For the period	1st April 2016 up to 10th May 2016 (Both days inclusive)	12th May 2016 up to 17th July 2016 (Both days inclusive)	18th July 2016 up to 31st March 2017 (Both days inclusive)
Designation	Non-Executive (Part-Time) Chairman (Nominee Director)	Independent Director	Independent Director & Non-Executive (Part-Time) Chairman
Remuneration	₹2,29,116 per month	-	₹2,50,000 per month
Company Car	Free use of Bank's Car for official and private purposes	Free use of Bank's Car for official and private purposes	Free use of Bank's Car for official and private purposes
Touring	Travelling and Official expenses to be borne by the Bank for Board functions as a Chairman	Travelling and Official expenses to be borne by the Bank for Board functions as a Chairman	Travelling and Official expenses to be borne by the Bank for Board functions as a Chairman
Sitting Fees	As payable to other Non-Executive Directors	As payable to other Non-Executive Directors	As payable to other Non-Executive Directors
Commission	-	Upto ₹10 lacs p.a. (proportionately for the said period to be paid after adoption of the Annual Accounts of the Bank by the Shareholders at the 23rd AGM.)	-

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

Smt. Shikha Sharma was granted 73,00,000 options in various tranches under the various Employee Stock Option Schemes of the Bank, since 1st June 2009 being the date of her appointment as the Managing Director & CEO of the Bank. Out of the above, 53,20,000 options have been vested, 32,75,000 options have been exercised and the balance 20,45,000 options remain unexercised, as on 31st March 2017. Further, 19,80,000 options remain unvested, as on 31st March 2017.

iii. Shri V. Srinivasan was re-designated as the Deputy Managing Director of the Bank, w.e.f. 21st December 2015. The Bank revised the remuneration payable to Shri V. Srinivasan as the Deputy Managing Director of the Bank during the year under review and has received the approval of the RBI and the Shareholders of the Bank for the same. The details of the remuneration paid to Shri V. Srinivasan during the year under review in terms of the approval granted by the RBI and the Shareholders of the Bank are given below in sub-para viii.

Shri V. Srinivasan was granted 35,75,000 options, in various tranches under the various Employee Stock Option Schemes of the Bank, since 7th September 2009 being the date of his appointment as the Executive Director & Head (Corporate Banking) of the Bank. Out of the above, 24,75,000 options have been vested, 14,30,000 options have been exercised and the balance 10,45,000 options remain unexercised, as on 31st March 2017. Further, 11,00,000 options remain unvested, as on 31st March 2017.

iv. The RBI vide its letter no. DBR/APPT/NO.1729/08.86.001/2016-17 dated 4th August 2016 approved the appointment of Shri Rajiv Anand as the Executive Director (Retail Banking) of the Bank, for a period of 3 years w.e.f. 4th August 2016. The details of remuneration paid to Shri Rajiv Anand during the year under review in terms of the approval granted by the RBI and the Shareholders of the Bank are given below in sub para viii.

Shri Rajiv Anand was granted 16,05,000 options, in various tranches under the various Employee Stock Option Schemes of the Bank, since 30th March 2009 being the date of his appointment. Out of the above, 11,65,000 options have been vested, 5,65,000 options have been exercised and the balance 6,00,000 options remain unexercised, as on 31st March 2017. Further, 4,40,000 options remain unvested, as on 31st March 2017.

CORPORATE GOVERNANCE (CONT.)

v. The RBI vide its letter no. DBR/APPT/NO.1729/08.86.001/2016-17 dated 4th August 2016 approved the appointment of Shri Rajesh Dahiya as the Executive Director (Corporate Centre) of the Bank, for a period of 3 years w.e.f. 4th August 2016. The details of remuneration paid to Shri Rajesh Dahiya during the year under review in terms of the approval granted by the RBI and the Shareholders of the Bank are given below in sub para viii.

Shri Rajesh Dahiya was granted 8,75,000 options, in various tranches under the various Employee Stock Option Schemes of the Bank, since 1st June 2010 being the date of his appointment as President (Human Resources) of the Bank. Out of the above, 5,37,500 options have been vested, 3,20,000 options have been exercised and the balance 2,17,500 options remain unexercised, as on 31st March 2017. Further, 3,37,500 options remain unvested, as on 31st March 2017.

vi. 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 to Profit Linked Commission, in terms of the said RBI circular dated 1st June 2015.

vii. The Whole-Time Directors of the Bank do not receive any sitting fee from the Bank or from its Subsidiary Companies.

viii. The details of remuneration paid to the Whole-Time Directors of the Bank during the financial year 2016-17, in terms of the approvals granted by the RBI and the Shareholders of the Bank, are as under:

(in ₹)

	Smt. Shikha Sharma	Shri V. Srinivasan	Shri Rajiv Anand	Shri Rajesh Dahiya
For the Period	1.4.2016-31.3.2017	1.4.2016-31.3.2017	4.8.2016-31.3.2017	4.8.2016-31.3.2017
Salary (Basic)	2,70,37,866	1,90,79,140	94,02,420	77,89,514
Leave Fare Concession facility	14,61,000	5,95,836	3,62,229	3,62,229
House Rent Allowance	90,19,330	47,68,334	31,02,799	-
Variable pay	1,35,06,896	58,29,424	-	-
Superannuation Allowance	-	19,07,914	9,40,239	7,78,950
Medical/Utility/ Furnishing Reimbursement/Allowance	3,64,971	3,89,436	6,43,120	1,57,089
Perks (excluding ESOP)	27,62,023	51,600	5,05,874	14,55,482
Superannuation/ Allowance	10% of Basic pay (Provision Made)	Cash out	Cash out	Cash out
Provident Fund (Bank Contribution)	12% of basic pay with equal contribution by the Bank	12% of basic pay with equal contribution by the Bank	12% of basic pay with equal contribution by the Bank	12% of basic pay with equal contribution by the Bank
Gratuity	One month's salary for each completed year of service	One month's salary for each completed year of service	One month's salary for each completed year of service	One month's salary for each completed year of service

Perquisites (evaluated as per Income Tax Rules, 1962, wherever applicable, or otherwise at actual cost to the Bank) such as 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 & CEO or to its Whole-Time Directors. The tenure of the office of the Managing Director & CEO and the Whole-time Directors of the Bank is three years from date of their respective appointment as approved by the RBI and can be terminated by either party by giving three months' notice in writing.

ix. All the Non-Executive Directors of the Bank were paid sitting fees of ₹1,00,000 for every meeting of the Board and ₹50,000 for every meeting of the Committees of Board of Directors, attended by them. The details of sitting fees paid to the Non-Executive Directors of the Bank during the financial year 2016-17, are as under.

(in ₹)

Name of Director	Sitting Fees
Dr. Sanjiv Misra	9,00,000
Shri V. R. Kaundinya	18,50,000
Shri Prasad R. Menon	18,50,000
Prof. Samir K. Barua	22,00,000
Shri Som Mittal	14,50,000
Shri Rohit Bhagat	11,50,000
Smt. Usha Sangwan	5,50,000
Shri S. Vishvanathan	20,00,000
Shri Rakesh Makhija	18,00,000
Smt. Ketaki Bhagwati	15,50,000
Shri B. Babu Rao	11,00,000
Total	**1,64,00,000**

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

As on 31st March 2017, none of the Non-Executive Directors of the Bank hold any equity shares of the Bank, except for Shri V. R. Kaundinya and his immediate relatives, who hold 14,200 equity shares of ₹2 each of the Bank.

x. All the Non-Executive Directors of the Bank, except Dr. Sanjiv Misra, Non-Executive Chairman of the Bank, were eligible for Profit Linked Commission, for the financial year 2015-16, in terms of the RBI Circular No.DBR. No.BC.97/29.67.001/2014-15 dated 1st June 2015, which was paid during the financial year 2016-17, detailed as under.

(in ₹)

Name of Director	Profit Linked Commission
Shri V. R. Kaundinya	10,00,000
Shri Prasad R. Menon	10,00,000
Prof. Samir K. Barua	10,00,000
Shri Som Mittal	10,00,000
Shri Rohit Bhagat	10,00,000
Smt. Usha Sangwan	10,00,000
Shri S. Vishvanathan	10,00,000
Shri Rakesh Makhija	4,28,962
Smt. Ketaki Bhagwati	1,99,454
Shri B. Babu Rao	1,99,454
Total	**78,27,870**

The profit linked commission paid to Smt. Usha Sangwan (Nominee Director – LIC) and Shri B. Babu Rao (Nominee Director – SUUTI) have been credited to the account of LIC and SUUTI, respectively.

CORPORATE GOVERNANCE (CONT.)

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, the relevant Rules made thereunder and the Listing Regulations.

The Board has adopted a formal mechanism for evaluating the performance of its Committees, Individual Directors including the Independent Directors and Non-Independent Directors, the Chairman of the Board and the Board as a whole. The 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 key Committees, Self-evaluation and Attendance. The Bank also took into account the recent Guidelines issued by the Securities & Exchange Board of India on Board evaluation.

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 of the Members and the effectiveness of the Board and 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 uploaded on the website of the Bank at https://www.axisbank.com/shareholders-corner/corporate-governance/compliance-report.

Induction Programme for new Directors

The new Directors are inducted through one to one meetings with the Managing Director & CEO, Whole-time Directors and 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. They are also provided with information relating to the finances and operations of the Bank, the organization structure and their roles, duties and responsibilities. On appointment, the Directors are issued the Letter of Appointment setting out the terms and conditions relating to their appointment and their duties and responsibilities under applicable laws. No Non-Executive Director was appointed during the year.

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

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

The following is a summary of sexual harassment complaints received and disposed off by the Bank, during the financial year 2016-17:

(a) Number of complaints of sexual harassment received during the year - 32

(b) Number of complaints disposed off during the year – 26

(c) Number of cases pending for more than 90 days – 1

(d) Number of workshops/awareness programme conducted against sexual harassment carried out – 6

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

The said Committee takes appropriate action against the employee(s) who have violated the norms prescribed under the Policy, which includes disciplinary action such as issuance of warning letter and in some cases termination of employment depending upon the gravity of 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 https://www.axisbank.com/code-commitment-customers.aspx.

Subsidiary Companies

The Bank does not have any unlisted Indian subsidiary company which could be deemed to be a material subsidiary, in terms of Regulation 16(1)(c) of the Listing Regulations. Further, the minutes of the 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 of the Bank 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 https://www.axisbank.com/shareholders-corner/corporate-governance/compliance-report.

Policy for Related Party Transactions

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

Prevention of Insider Trading

The Board of Directors of the Bank has formulated and adopted the 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 and 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 in securities of the Bank during the blackout period(s). The commencement and closure of the blackout period(s) is notified to all employees, directors and other connected persons through e-mail/ SMS/ MyConnect.

The Code requires Designated Persons to obtain pre-clearance of the Compliance Officer for dealing in the Bank's securities beyond prescribed threshold limits. Further, it prohibits the purchase/ sale/ transfer etc., of Bank's securities by its Designated Persons, Connected Persons and Other Connected Persons whilst in possession of UPSI relating to

CORPORATE GOVERNANCE (CONT.)

the securities of the Bank. The Designated Persons are also prohibited from entering into contra trades on the floor of the Stock Exchange(s) and from dealing in securities of the Bank's Listed Client Companies, during the period(s) notified to them.

3. Disclosures

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

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

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

4. Compliance

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

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

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

5. Code of Conduct

The Board has formulated and adopted separate Codes of Conduct which are applicable to all the Directors and Members of the Senior Management of the Bank. The said Codes which were reviewed and approved by the Board at its meeting held on 25th April 2017, have been hosted on the website of the Bank, 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 Codes is annexed to this Report.

GENERAL SHAREHOLDER INFORMATION

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

23rd Annual General Meeting

Day/ Date : Wednesday, 26th July 2017

Time : 9.30 A.M.

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

Financial Year

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

Compliance Calendar

The schedule in respect of the meetings of the Board proposed to be held during the financial year 2017-18 to inter alia review and approve the unaudited/audited financial results of the Bank, in terms of Regulation 33(3)(a), (d) and (f) of the Listing Regulations, is as under:

Meeting	Purpose	Venue	Tentative Date
Board of Directors	Audited Annual Financial Results (standalone and consolidated) for the year ended 31st March 2017	Corporate Office	Last week of April 2017
Board of Directors	Unaudited Financial Results of the Bank for the quarter ending 30th June 2017	Ahmedabad	Last week of July 2017
Board of Directors	Unaudited Financial Results of the Bank for the quarter/half year ending 30th September 2017	Corporate Office	Last week of October 2017
Board of Directors	Unaudited Financial Results of the Bank for the quarter/nine months ending 31st December 2017	Corporate Office	Last week of January 2018
Board of Directors	Audited Annual Financial Results (standalone and consolidated) for the year ending 31st March 2018	Corporate Office	Last Week of April 2018

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

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, 8th July 2017 to Wednesday, 26th July 2017 (both days inclusive), for the purpose of payment of dividend for the financial year 2016-17.

The Dividend of ₹ 5/- per equity share of ₹ 2/- each, if approved by the Members at the 23rd 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, 7th July 2017.

Payment of Dividend

The Board of Directors of the Bank at its Meeting held on 26th April 2017 has recommended payment of dividend of ₹ 5/- per equity share of ₹ 2/- each of the Bank, for the financial year ended 31st March 2017, for the approval of the Members at the 23rd Annual General Meeting, (Previous Year ₹ 5/- per equity share of ₹ 2/- each of the Bank). The payment of dividend, if approved by the Members at the 23rd Annual General Meeting, will commence from 27th July 2017 and will be completed by 8th August 2017.

Unclaimed Dividends

Pursuant to the relevant provisions of Section 125 of the Companies Act, 2013 and the relevant Rules made thereunder, the amount of unpaid dividends that are lying unclaimed for a period of 7 years from the date of its transfer to the unpaid dividend

CORPORATE GOVERNANCE (CONT.)

account, is liable to be transferred to the Investors' Education & Protection Fund (IEPF) administered by the Central Government. Accordingly, the unclaimed dividend amounting to ₹ 47,57,380, in respect of the financial year 2008-09 was transferred to the IEPF on 30th July 2016. Further, please note that the unclaimed dividend in respect of the financial year 2009-10 must be claimed by the concerned shareholders on or before 13th July 2017, failing which it will be transferred to the IEPF, in accordance with the Rules.

The details of the unclaimed dividends as on 31st March 2017 and the last date for claiming the same, prior to its transfer to the IEPF, are as under:

Financial year	No. of Shareholder	Unclaimed dividend as on 31st March 2017 (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
2009-10	3,884	49,05,972	0.10	4,88,32,91,748	08-06-2010	13-07-2017
2010-11	4,116	49,29,428	0.09	5,76,37,96,262	17-06-2011	22-07-2018
2011-12	4,959	56,40,816	0.09	6,62,86,55,136	22-06-2012	27-07-2019
2012-13	3,494	58,86,558	0.07	8,44,07,35,212	19-07-2013	24-08-2020
2013-14	2,947	62,92,740	0.07	9,42,60,65,680	27-06-2014	01-08-2021
2014-15	5,493	81,21,198	0.07	10,92,77,37,331	24-07-2015	29-08-2022
2015-16	6,951	1,01,48,510	0.09	11,93,76,13,965	22-07-2016	28-08-2023
Total		**4,59,25,222**		**58,00,78,95,334**		

Unclaimed Equity Shares

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

Details of such unclaimed equity shares of the Bank, as on 31st March 2017 and as on 31st March 2016, are as under:

Particulars	31st March 2017	31st March 2016
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
Total outstanding shares in Unclaimed Suspense Account as on 31st March 2017.	18,000	18,000

In terms of the said Schedule, all corporate benefits in terms of securities accruing on the said unclaimed equity shares viz. bonus shares, split, etc., if any, is required to be credited to the said Unclaimed Suspense Account. Further, voting rights on the said unclaimed equity shares have been frozen till the concerned shareholder claims such equity 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 and 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 of the concerned shareholder(s) or deliver physical share certificate(s) after rematerializing the same to his address registered with Karvy.

Transfer of Underlying Equity Shares in respect of the Unclaimed Dividend to the IEPF Suspense Account

Pursuant to the relevant provisions of Sections 124 and 125 of the Companies Act, 2013 and the relevant provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the unclaimed dividend for the financial year 2008-09 and the underlying equity shares(s) of the Bank, in respect of the said financial year (in

case where the dividend for subsequent financial years have not been claimed by the concerned shareholder), were liable to be transferred by the Bank to the IEPF Authority. However, the underlying equity shares in respect of the said unclaimed dividend has not been transferred to the IEPF Authority, pursuant to the clarification issued by the Ministry of Corporate Affairs (MCA) on 28th February 2017.

Accordingly, concerned shareholders of the Bank are requested to verify details of their unclaimed dividends for the financial years 2009-10 to 2015-16 and lodge their claim with Karvy Computershare Private Limited (Karvy), the Registrar and Share Transfer Agent of the Bank, before it is due for transfer to the IEPF Authority, as aforesaid.

In case the unclaimed dividend for the financial year 2009-10 is not claimed by the concerned shareholders before its due date i.e. 13th July, 2017 the said unclaimed dividend alongwith the underlying equity shares(s) of the Bank, in respect of the said financial year (in case where the dividends for subsequent financial years have not been claimed by the concerned shareholder(s)), will be transferred by the Bank to the IEPF Authority, in accordance with the said Rules.

Both the unclaimed dividend(s) for the financial year 2009-10 and the underlying equity shares in respect of the said unclaimed dividend, transferred to the IEPF Authority, as aforesaid, can be claimed by the concerned shareholder(s) of the Bank from the IEPF Authority, subject to compliance with the relevant procedures as prescribed under the said Rules.

Equity Shares

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

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

Global Depository Receipts (GDR)

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

Stock Exchange	Code
London Stock Exchange 10 Paternoster Square, London EC4M 7LS, UK Website : www.londonstockexchange.com	AXB

Bonds issued under Medium Term Note Programme (MTN Programme)

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

Stock Exchange	Code
Singapore Stock Exchange Singapore Exchange Securities Trading Limited (Attention: SGXNet Services, Operations) 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589	–

CORPORATE GOVERNANCE (CONT.)

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

Debenture Trustees

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg,
Ballard Estate, Mumbai - 400 001.
Phone No. +91 - 22 4080 7000.

SBI Cap Trustee Company Limited
6th Floor, Apeejay House, 3,
Dinshaw Wachha Road,
Churchgate, Mumbai - 400 020.
Phone No. +91 - 22 - 4302 5555.

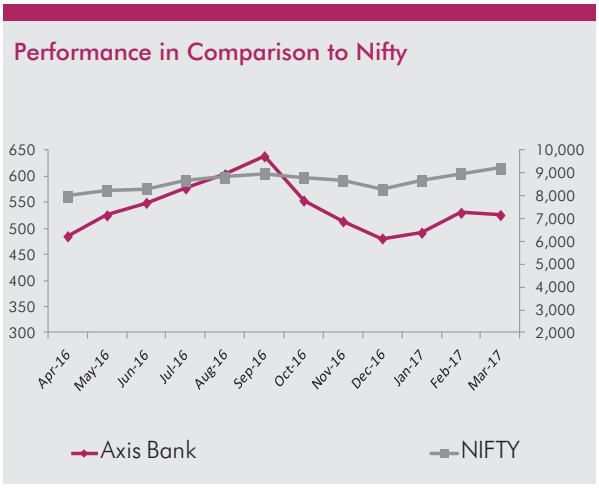
Market Price Data

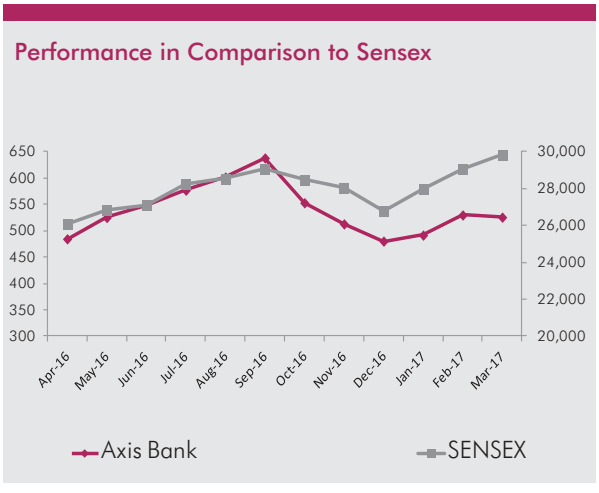
a. Equity Shares

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

Month	NSE			BSE		
	High (₹)	Low (₹)	No. of Shares traded	High (₹)	Low (₹)	No. of Shares traded
April, 2016	484.90	417.50	18,04,25,584	484.60	417.55	1,68,78,439
May, 2016	525.00	458.45	18,52,75,967	525.00	458.60	1,58,53,104
June, 2016	549.15	492.80	16,92,08,561	549.20	493.00	1,43,54,111
July, 2016	576.80	518.50	14,39,79,135	576.85	515.00	1,49,43,959
August, 2016	603.85	540.85	30,74,55,114	601.70	541.00	1,47,52,578
September, 2016	638.30	523.45	21,56,11,228	638.00	524.00	1,63,95,850
October, 2016	553.35	477.30	18,84,59,796	552.95	477.50	1,37,71,770
November, 2016	513.60	458.05	18,32,95,478	512.90	455.00	1,26,65,567
December, 2016	480.70	427.00	16,73,35,769	480.25	427.00	97,83,760
January, 2017	491.70	424.40	18,45,84,877	491.65	424.60	1,04,53,702
February, 2017	530.00	460.00	16,59,68,858	529.80	460.50	1,06,53,675
March, 2017	525.65	483.00	18,03,04,291	525.70	483.05	3,54,11,819

GRAPH IN COMPARISON TO NIFTY & SENSEX





b. GDR

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

Month	High (In USD)	Low (In USD)	No. of GDRs traded
April, 2016	38.80	31.35	8,84,300
May, 2016	38.75	37.90	14,08,005
June, 2016	40.65	36.30	10,74,060
July, 2016	42.81	38.75	15,13,994
August, 2016	45.20	40.65	57,75,083
September, 2016	48.05	39.55	25,47,805
October, 2016	41.80	35.80	12,52,255
November, 2016	38.50	33.60	15,96,607
December, 2016	35.45	32.15	16,49,408
January, 2017	36.40	32.15	12,02,198
February, 2017	40.20	34.75	13,09,985
March, 2017	39.65	37.25	19,05,004

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 NSDL and CDSL, so as to provide the Members an opportunity to hold and trade in equity shares of the Bank in electronic form.

As on 31st March 2017, 99.64 % of the total issued and paid up equity share capital of the Bank was held by investors in electronic form and 0.36% of the total issued and paid up equity share capital was held in physical form.

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

Particulars	2016-17	2015-16	2014-15
Number of transfer deeds	135	202	285
Number of equity shares transferred	38,500	54,500	63,000

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

Distribution of Shareholding

The distribution of shareholding of the Bank as on 31st March 2017, is as under:

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	8,880	77,86,592	4,35,412	7,62,14,800	4,44,292	8,40,01,392	3.51
5,001 – 10,000	45	3,37,300	1,409	1,01,85,469	1,454	1,05,22,769	0.44
10,001 – 20,000	14	1,93,600	732	1,03,64,438	746	1,05,58,038	0.44
20,001 – 30,000	5	1,25,000	295	71,93,752	300	73,18,752	0.31
30,001 – 40,000	1	36,000	176	61,78,334	177	62,14,334	0.26
40,001 – 50,000	1	49,500	136	60,78,430	137	61,27,930	0.26
50,001 – 1,00,000	-	-	291	2,12,55,799	291	2,12,55,799	0.88
1,00,001 and above	-	-	890	2,24,90,37,095	890	2,24,90,37,095	93.90
Total	**8,946**	**85,27,992**	**4,39,341**	**2,38,65,08,117**	**4,48,287**	**2,39,50,36,109**	**100.00**

CORPORATE GOVERNANCE (CONT.)

Shareholding pattern

Category wise shareholding pattern of the Bank as on 31st March 2017, is as under:

Sr. No.	Category / Shareholder	No. of Shares held	% of total issued & paid-up Capital
	Promoters		
1	Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	27,48,40,905	11.48
2	Life Insurance Corporation of India (LIC)	33,13,08,553	13.83
3	General Insurance Corporation of India	3,99,40,000	1.67
4	The New India Assurance Company Limited	2,61,03,585	1.09
5	National Insurance Company Limited	30,63,797	0.13
6	The Oriental Insurance Company Limited	63,30,020	0.26
7	United India Insurance Company Limited	72,15,213	0.30
	Foreign Investors		
8	Overseas Investors (including FIIs/OCBs/NRIs)	1,16,20,73,406	48.51
9	Foreign Direct Investment (GDR)	10,87,53,075	4.54
	Domestic Financial Institutions		
10	Financial Institutions/Mutual Funds/Banks/NBFC	16,57,97,280	6.92
11	**Others**	26,96,10,275	11.27
	Total	**2,39,50,36,109**	**100.00**

Top 20 Shareholders of the Bank as on 31st March 2017, is as under:

Sr. No.	Name of the Shareholder	No. of Shares held	% to total issued & paid up capital
1.	Life Insurance Corporation of India	33,13,08,553	13.83
2.	Administrator of the SUUTI	27,48,40,905	11.48
3.	The Bank of New York Mellon, DR	10,87,53,075	4.54
4.	Cinnamon Capital Limited	10,36,87,022	4.33
5.	General Insurance Corporation of India	3,99,40,000	1.67
6.	Government of Singapore	3,81,37,648	1.59
7.	ICICI Prudential Life Insurance Company Limited	3,43,30,677	1.43
8.	Lazard Emerging Markets Portfolio	2,94,91,974	1.23
9.	The New India Assurance Company Limited	2,61,03,585	1.09
10.	Centaura Investments (Mauritius) PTE Ltd	2,55,47,908	1.07
11.	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund	2,55,30,647	1.07
12.	Europacific Growth Fund	2,13,93,890	0.89
13	Ishares India Index Mauritius Company	2,02,57,683	0.85
14	Vanguard Total International Stock Index Fund	2,00,25,262	0.84
15	Credit Suisse (Singapore) Limited	1,90,44,097	0.80
16	The Genesis Emerging Markets Investment Company	1,81,25,859	0.76
17	The Genesis Group Trust For Employee Benefit Plans	1,73,46,956	0.72
18	T. Rowe Price International Stock Fund	1,73,31,884	0.72
19	Merrill Lynch Markets Singapore PTE Ltd.	1,59,17,179	0.66
20	Government Pension Fund Global	1,56,90,609	0.66
	Total	**120,28,05,413**	**50.22**

Outstanding GDR

The Bank has in the course of international offerings to overseas investors, issued securities linked to ordinary equity shares of the Bank in the form of Global Depository Receipts (GDRs) in March 2005, April 2005, July 2007 and September 2009. The said GDRs are listed for trading on the London Stock Exchange. The underlying equity shares represents outstanding GDRs which have already been included in the equity share capital. The number of equity shares representing outstanding GDRs as on 31st March 2017 was 10,87,53,075.

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

Investor Services

Registrar & Share Transfer Agent (RTA)

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

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

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

Officers based at the Registered Office of the Bank have been empowered to attend to the investor queries/complaints in consultation with the Company Secretary and ensure its redressal in accordance with applicable corporate and securities laws and within the adopted service standards.

Share Transfer System

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

Investor Grievances

During the year, the Bank had received 2,409 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 and einward.ris@karvy.com).

CORPORATE GOVERNANCE (CONT.)

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 31st March 2017
	2016-17	2015-16	2014-15	
SEBI SCORES	8	12	11	-
Stock Exchanges	1	9	8	-
NSDL / CDSL	-	-	-	-
MCA and others	-	-	-	-
Total No. of complaints received	9	21	19	-
Total No. of complaints redressed	9	21	19	-

There was no investor complaint that was unresolved as on 1st April 2016. All the investor complaints received during the year were resolved and as such there was no investor complaint that was unresolved as on 31st March 2017.

The statement highlighting the status of the investor correspondence(s)/complaint(s) received and resolved during the year was also tabled at the meetings 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:

- In terms of Regulation 12 and Schedule I of Listing Regulations, every listed entity is required to mandatorily make all payments to Investors, including Dividend, by using any Reserve Bank of India (RBI) approved electronic mode of payments viz., Direct Credit, Real Time Gross Settlement (RTGS), National Electronic Fund Transfer (NEFT), Electronic Clearing Service (ECS), National Automated Clearing House (NACH) etc. The Bank would be entitled to use the bank account details of the shareholders available with the Depository Participant to facilitate with electronic payment.

- Accordingly, in case of shares that are held in electronic form:

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

- Accordingly, in case of shares that are held in physical form:

  All shareholders of the Bank are requested to provide details relating to their Bank Account Number, indicating 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 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 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 fraudulent encashment.

Green initiatives

Remittance of dividend in Electronic Form

In order to facilitate electronic remittance of dividend, those shareholders who have not provided their bank account details are requested to provide the same to Karvy to enable the Bank to electronically remit the dividends to their designated Bank account, which would prevent fraudulent encashment and reduce usage of paper.

Dispatch of documents in Electronic Form

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

Accordingly, the Notice convening the 23rd Annual General Meeting, the annual report of the Bank for the financial year 2016-17 and other annexures stated therein will be sent by e-mail to those Members who have registered their e-mail address with their DP or with Karvy.

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

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

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

However, in case any Member wishes to receive a physical copy of the said documents, he is requested to write to einward.ris@karvy.com or 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 and copies thereof will be made available for inspection at the Registered Office of the Bank during business hours on all working days except Saturdays, Sundays, Bank Holidays and Public Holiday up to the date of the ensuing AGM.

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

Means of Communication

After the financial results of the Bank is approved by the Board of Directors, it is disclosed to the Stock Exchanges 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. The financial results of the Bank are also uploaded on the Bank's website viz. www.axisbank.com, in accordance with the Listing Regulations. Thereafter, formal presentations made by the Senior Management to Analysts /Investors are also uploaded on the Bank's website.

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

For the ready reference of the investors of the Bank, a list of frequently asked questions and their answers have been uploaded on the Bank's website viz. www.axisbank.com under shareholders corner.

General Body Meetings

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

AGM	Date and Day	Time	Location
20th	27th June 2014 – Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad, Gujarat - 380 015.
21st	24th July 2015 – Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad, Gujarat - 380 015.
22nd	22nd July 2016– Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad, Gujarat - 380 015.

CORPORATE GOVERNANCE (CONT.)

Special resolutions passed at previous three Annual General Meetings

The details of the special resolution(s) passed at the previous three Annual General Meetings, are as under:

AGM	Date of AGM	Special Resolution(s)
20th	27th 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 crore. 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 for sub-division of the equity shares of the Bank.
21st	24th July 2015	Resolution No. 12 - Increase in Borrowing limits of the Bank upto ₹ 1,50,000 crore under Section 180 (1)(c) of the Companies Act, 2013. Resolution No. 13 - Borrowing/Raising funds in Indian Currency/Foreign Currency by issue of debt Instruments including but not limited to bonds and non-convertible debentures on a private placement basis, for an amount of upto ₹ 35,000 crore. Resolution No. 14 - Acquiring and holding equity shares of the Bank, by the Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs)/Non Resident Indians (NRIs), Foreign Direct Investment covering ADRs / GDRs and indirect foreign investment in any combination thereof, upto 74% of the paid up share capital of the Bank.
22nd	22nd July 2016	Resolution No. 18 – Borrowing/Raising funds in Indian/Foreign Currency by issue of debt instruments including but not limited to subordinated debt, senior unsecured long term bonds, green bonds, medium term notes, non-convertible debentures on a private placement basis, for an amount of upto ₹ 35,000 crore.

Procedure for Postal Ballot

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

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

The Bank dispatches the Postal Ballot Notice and relevant forms along with postage prepaid business reply envelope to those Members whose names appear on the Register of Members / Statements of Beneficial Holders provided by the Depositories as on the cut-off date. The postal ballot notice is also sent in electronic form to those Members whose email address is registered with their DP in case shares are held in electronic form or with Karvy in case shares are held in physical form.

The Bank also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the aforesaid provisions of the Companies Act, 2013 and the said Rules.

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

The Scrutinizer is required to submit his report to the Chairman, after verification of the records and thereafter the consolidated results of the voting can be declared by any one of the Directors of the Bank, duly authorised by the Board of Directors, in this regard.

Subsequently, the said results alongwith the report of the Scrutinizer is disclosed to the Stock Exchanges within 48 hours of such declaration, in terms of Regulation 44(3) of the Listing Regulations, uploaded on the website of the Bank and displayed on the notice board at the Registered and Corporate Offices of the Bank. The resolution, if passed by requisite majority, shall be deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or e-voting.

Resolution passed by way of Postal Ballot during the Financial Year 2016-17

During the year under review, the Bank had sought the approval of its Members through Postal Ballot for (i) re-appointment of Dr. Sanjiv Misra as the Non-Executive (Part-Time) Chairman of the Bank, subject to the approval of the RBI; and (ii) Alteration of the Articles of Association of the Bank, in terms of the relevant provisions of Section 10B(1A)(i) and other applicable provisions of the Banking Regulation Act, 1949, the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Listing Regulations and Article 90 of the Articles of Association of the Bank.

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 Resolutions, which was declared on 10th May 2016, are as under:

Resolution No. 1 - Re-appointment of Dr. Sanjiv Misra (DIN: 03075797) as the Non-Executive (Part-Time) Chairman of the Bank, subject to the approval of the RBI.

No. of votes in favour	No. of votes against	% of votes in favour	% of votes against
1,62,90,96,004	1,44,68,264	99.12	0.88

Resolution No. 2 - Alteration of Articles of Association of the Bank.

No. of votes in favour	No. of votes against	% of votes in favour	% of votes against
1,59,07,92,546	5,25,62,318	96.80	3.20

Address for correspondence:

Registered Office	Corporate Office	Registrar & Share Transfer Agent (RTA)
Axis Bank Limited [CIN:L65110GJ1993PLC020769] 'Trishul', 3rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad, Gujarat – 380 006. Tel. No. : +9179-6630 6161 Fax No. : +9179-2640 9321 Email:shareholders@axisbank.com	Axis Bank Limited 'Axis House', C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai, Maharashtra – 400 025. Tel. No. : +9122-2425 2525 Fax No. : +9122-2425 1800 Email:shareholders@axisbank.com	M/s. Karvy Computershare Private Limited Unit: Axis Bank Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana – 500 032. Tel. No. : +91 40-6716 2222 Fax No. : +91 40-2300 1153 Toll Free No. : 1800-345-4001 Email : einward.ris@karvy.com

CORPORATE GOVERNANCE (CONT.)

Compliance with Code of Conduct and Conflict of Interest Norms in Respect of Board of Directors and the Code of Conduct and Ethics for Senior Management of the Bank for the Financial Year 2016-17

I confirm that for the year under review, all Directors and Members of the Senior Management of the Bank have affirmed compliance with the Codes as applicable to them.

Shikha Sharma
Managing Director & CEO

Place : Mumbai
Date : 26th April 2017

FORM NO. MGT-9

Extract of Annual Return as on the Financial Year ended 31st March 2017

[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	3rd 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' 3rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad, Gujarat – 380006. Phone: +91-79-6630 6161, Fax: +91-79-2640 9321 Email: shareholders@axisbank.com
vi)	Whether listed company – Yes / No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	**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 +9140-6716 2222 Fax No. : 040 - 2300 1153

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%	2(87)(ii)
9	Axis Securities Europe Limited	Foreign Company (05540630)	Subsidiary	100%	2(87)(ii)
10	A.TREDS Limited	U74999MH2016PLC281452	Subsidiary	67%	2(87)(ii)

FORM NO. MGT-9 (CONT.)

iv. Share Holding Pattern (Equity Share Capital Breakup as Percentage of total Equity)

i. Category-wise Share Holding

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	
A. Promoter									
(1) Indian									
a) Individual /HUF	-	-	-	-	-	-	-	-	-
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks/ Financial Institutions	70,84,04,734	-	70,84,04,734	29.73	68,88,02,073	-	68,88,02,073	28.76	(0.97)
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1) :	**70,84,04,734**	**-**	**70,84,04,734**	**29.73**	**68,88,02,073**	**-**	**68,88,02,073**	**28.76**	**(0.97)**
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2) :	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**70,84,04,734**	**-**	**70,84,04,734**	**29.73**	**68,88,02,073**	**-**	**68,88,02,073**	**28.76**	**(0.97)**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	24,37,44,478	-	24,37,44,478	10.23	16,28,54,328	-	16,28,54,328	6.80	(3.43)
b) Banks/FI	29,41,869	-	29,41,869	0.12	29,20,751	-	29,20,751	0.12	-
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	12,79,82,352	-	12,79,82,352	5.37	3,64,54,316	-	3,64,54,316	1.52	(3.85)
g) FIIs	97,35,24,319	-	97,35,24,319	40.86	1,15,54,57,305	-	1,15,54,57,305	48.24	7.39
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Qualified Foreign Investor - Corporate)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1) :	**1,34,81,93,018**	**-**	**1,34,81,93,018**	**56.58**	**1,35,76,86,700**	**-**	**1,35,76,86,700**	**56.69**	**0.11**
(2) Non-Institutions									
a) Bodies Corporate	3,26,60,214	68,050	3,27,28,264	1.37	6,10,82,582	68,000	6,11,50,582	2.55	1.18
i. Indian	-	-	-	-	-	-	-	-	-
ii. Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	11,23,07,075	83,82,645	12,06,89,720	5.06	9,68,83,533	84,59,992	10,53,43,525	4.40	(0.67)

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	
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	6,45,57,276	1,67,000	6,47,24,276	2.72	4,78,39,668	-	4,78,39,668	2.00	(0.72)
c) Others									
i. H U F	20,69,959	-	20,69,959	0.09	17,92,228	-	17,92,228	0.07	(0.01)
ii. Trusts	1,08,70,705	-	1,08,70,705	0.46	1,28,49,979	-	1,28,49,979	0.54	0.08
iii. Clearing Members	64,10,753	-	64,10,753	0.27	47,86,032	-	47,86,032	0.20	(0.07)
iv. NRIs	73,36,687	-	73,36,687	0.31	35,90,688	-	35,90,688	0.15	(0.16)
v. NRI non-repatriation	-	-	-	-	16,31,115	-	16,31,115	0.07	0.07
vi. Foreign Bodies-DR	13,20,095	-	13,20,095	0.06	8,09,744	-	8,09,744	0.03	(0.02)
vii. Foreign Bank	1,25,195	-	1,25,195	0.01	-	-	-	-	(0.01)
ix. Foreign Nationals	700	-	700	-	700	-	700	-	-
Sub-Total (B)(2) :	**23,76,58,659**	**86,17,695**	**24,62,76,354**	**10.34**	**23,12,66,269**	**85,27,992**	**23,97,94,261**	**10.01**	**(0.32)**
Total Public Shareholding B=B(1)+B(2) :	**1,58,58,51,677**	**86,17,695**	**1,59,44,69,372**	**66.91**	**1,58,89,52,969**	**85,27,992**	**1,59,74,80,961**	**66.70**	**(0.22)**
C. Shares held by Custodians against which Depository receipts have been issued									
(1) Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2) Public	7,99,57,720	-	7,99,57,720	3.36	10,87,53,075	-	10,87,53,075	4.54	1.19
Grand Total (A+B+C)	**2,37,42,14,131**	**86,17,695**	**2,38,28,31,826**	**100.00**	**2,38,65,08,117**	**85,27,992**	**2,39,50,36,109**	**100.00**	

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	27,48,40,905	11.53	-	27,48,40,905	11.48	-	(0.06)
2	Life Insurance Corporation of India	34,88,60,225	14.64	-	33,13,08,553	13.83	-	(0.81)
3	General Insurance Corporation of India	4,05,95,000	1.70	-	3,99,40,000	1.67	-	(0.03)
4	The New India Assurance Company Limited	2,61,03,585	1.10	-	2,61,03,585	1.09	-	(0.01)
5	National Insurance Company Limited	47,47,285	0.20	-	30,63,797	0.13	-	(0.07)
6	The Oriental Insurance Company Limited	63,30,020	0.27	-	63,30,020	0.26	-	(0.01)
7	United India Insurance Company Limited	69,27,714	0.29	-	72,15,213	0.30	-	0.01

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iii. Change in Promoters' Shareholding

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	Life Insurance Corporation of India	34,88,60,225	14.64	31-03-2016			34,88,60,225	14.64
				22-07-2016	-12,68,472	Transfer	34,75,91,753	14.56
				29-07-2016	-33,87,746	Transfer	34,42,04,007	14.42
				05-08-2016	-77,59,794	Transfer	33,64,44,213	14.09
				12-08-2016	-27,27,495	Transfer	33,37,16,718	13.97
				19-08-2016	-5,72,993	Transfer	33,31,43,725	13.95
				26-08-2016	-9,60,287	Transfer	33,21,83,438	13.91
				02-09-2016	-5,78,885	Transfer	33,16,04,553	13.88
				09-09-2016	-1,76,000	Transfer	33,14,28,553	13.87
				16-09-2016	-20,000	Transfer	33,14,08,553	13.87
				23-09-2016	-1,00,000	Transfer	33,13,08,553	13.86
				07-10-2016	3,10,850	Transfer	33,16,19,403	13.87
				07-10-2016	-3,10,850	Transfer	33,13,08,553	13.86
				28-10-2016	9,200	Transfer	33,13,17,753	13.86
				28-10-2016	-9,200	Transfer	33,13,08,553	13.86
		33,13,08,553	13.83	31-03-2017			33,13,08,553	13.83
2	Administrator of The Specified Undertaking of The Unit Trust of India	27,48,40,905	11.53	31-03-2016			27,48,40,905	11.53
		27,48,40,905	11.48	31-03-2017			27,48,40,905	11.48
3	General Insurance Corporation of India	4,05,95,000	1.70	31-03-2016			4,05,95,000	1.70
				03-06-2016	-50,000	Transfer	4,05,45,000	1.70
				15-07-2016	-1,00,000	Transfer	4,04,45,000	1.69
				22-07-2016	-1,00,000	Transfer	4,03,45,000	1.69
				29-07-2016	-50,000	Transfer	4,02,95,000	1.69
				05-08-2016	-91,308	Transfer	4,02,03,692	1.68
				12-08-2016	-58,692	Transfer	4,01,45,000	1.68
				19-08-2016	-75,000	Transfer	4,00,70,000	1.68
				26-08-2016	-30,000	Transfer	4,00,40,000	1.68
				02-09-2016	-20,000	Transfer	4,00,20,000	1.68
				09-09-2016	-70,000	Transfer	3,99,50,000	1.67
				23-09-2016	-60,000	Transfer	3,98,90,000	1.67
				10-02-2017	1,00,000	Transfer	3,99,90,000	1.67
				17-02-2017	1,00,000	Transfer	4,00,90,000	1.68
				10-03-2017	-1,50,000	Transfer	3,99,40,000	1.67
		3,99,40,000	1.67	31-03-2017			3,99,40,000	1.67
4	The New India Assurance Company Limited	2,61,03,585	1.10	31-03-2016			2,61,03,585	1.10
		2,61,03,585	1.09	31-03-2017			2,61,03,585	1.09
5	National Insurance Company Ltd	47,47,285	0.2	31-03-2016			47,47,285	0.20
				08-04-2016	2,75,000	Transfer	50,22,285	0.21
				15-04-2016	7,40,000	Transfer	57,62,285	0.24
				19-08-2016	-1,00,000	Transfer	56,62,285	0.24
				26-08-2016	-45,000	Transfer	56,17,285	0.24
				02-09-2016	-55,000	Transfer	55,62,285	0.23
				23-09-2016	-26,250	Transfer	55,36,035	0.23
				28-10-2016	1,00,000	Transfer	56,36,035	0.24

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
				04-11-2016	70,000	Transfer	57,06,035	0.24
				02-12-2016	4,00,00	Transfer	57,46,035	0.24
				16-12-2016	50,000	Transfer	57,96,035	0.24
				13-01-2017	2,00,000	Transfer	59,96,035	0.25
				10-02-2017	-1,32,238	Transfer	58,63,797	0.25
				24-02-2017	-4,00,000	Transfer	54,63,797	0.23
				03-03-2017	-2,00,000	Transfer	52,63,797	0.22
				10-03-2017	-7,20,000	Transfer	45,43,797	0.19
				17-03-2017	-80,000	Transfer	44,63,797	0.19
				24-03-2017	-5,00,000	Transfer	39,63,797	0.17
				31-03-2017	-9,00,000	Transfer	30,63,797	0.13
		30,63,797	0.13	31-03-2017			30,63,797	0.13
6	The Oriental Insurance Company Limited	63,30,020	0.27	31-03-2016			63,30,020	0.27
		63,30,020	0.26	31-03-2017			63,30,020	0.26
7	United India Insurance Company Limited	69,27,714	0.29	31-03-2016			69,27,714	0.29
				05-08-2016	-22,56	Transfer	69,25,458	0.29
				12-08-2016	-55,000	Transfer	68,70,458	0.29
				19-08-2016	-65,000	Transfer	68,05,458	0.28
				26-08-2016	-60,000	Transfer	67,45,458	0.28
				02-09-2016	-85,000	Transfer	66,60,458	0.28
				09-09-2016	-60,000	Transfer	66,00,458	0.28
				16-09-2016	-65,000	Transfer	65,35,458	0.27
				23-09-2016	-1,00,000	Transfer	64,35,458	0.27
				28-10-2016	10,000	Transfer	64,45,458	0.27
				04-11-2016	82,000	Transfer	65,27,458	0.27
				11-11-2016	58,133	Transfer	65,85,591	0.28
				18-11-2016	20,000	Transfer	66,05,591	0.28
				25-11-2016	60,000	Transfer	66,65,591	0.28
				02-12-2016	90,000	Transfer	67,55,591	0.28
				09-12-2016	80,000	Transfer	68,35,591	0.29
				16-12-2016	50,000	Transfer	68,85,591	0.29
				23-12-2016	10,000	Transfer	68,95,591	0.29
				30-12-2016	1,00,000	Transfer	69,95,591	0.29
				06-01-2017	65,000	Transfer	70,60,591	0.30
				13-01-2017	1,00,000	Transfer	71,60,591	0.30
				20-01-2017	35,546	Transfer	71,96,137	0.30
				27-01-2017	59,150	Transfer	72,55,287	0.30
				03-02-2017	55,000	Transfer	73,10,287	0.31
				10-02-2017	10,000	Transfer	73,20,287	0.31
				17-02-2017	50,000	Transfer	73,70,287	0.31
				24-02-2017	5,600	Transfer	73,75,887	0.31
				03-03-2017	-1,17,000	Transfer	72,58,887	0.30
				10-03-2017	-1,55,000	Transfer	71,03,887	0.30
				17-03-2017	-15,000	Transfer	70,88,887	0.30
				24-03-2017	25,000	Transfer	71,13,887	0.30
				31-03-2017	1,01,326	Transfer	72,15,213	0.30
		72,15,213	0.30	31-03-2017			72,15,213	0.30

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

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	ICICI Prudential Life Insurance Company Ltd	6,75,59,849	2.84	31-03-2016			6,75,59,849	2.84
				08-04-2016	5,786	Transfer	6,75,65,635	2.83
				15-04-2016	-8,05,888	Transfer	6,67,59,747	2.80
				22-04-2016	-1,85,486	Transfer	6,65,74,261	2.79
				29-04-2016	-63,57,463	Transfer	6,02,16,798	2.53
				06-05-2016	-58,08,733	Transfer	5,44,08,065	2.28
				13-05-2016	-57,52,065	Transfer	4,86,56,000	2.04
				20-05-2016	-10,55,969	Transfer	4,76,00,031	2.00
				27-05-2016	-6,70,634	Transfer	4,69,29,397	1.97
				03-06-2016	-6,76,249	Transfer	4,62,53,148	1.94
				10-06-2016	-19,52,371	Transfer	4,43,00,777	1.86
				17-06-2016	-11,745	Transfer	4,42,89,032	1.86
				24-06-2016	69,018	Transfer	4,43,58,050	1.86
				30-06-2016	-2,22,227	Transfer	4,41,35,823	1.85
				08-07-2016	6,28,299	Transfer	4,47,64,122	1.87
				15-07-2016	-1,54,266	Transfer	4,46,09,856	1.87
				22-07-2016	-14,09,276	Transfer	4,32,00,580	1.81
				29-07-2016	23,057	Transfer	4,32,23,637	1.81
				05-08-2016	59,624	Transfer	4,32,83,261	1.81
				12-08-2016	68,197	Transfer	4,33,51,458	1.82
				19-08-2016	-19,869	Transfer	4,33,31,589	1.81
				26-08-2016	-11,45,134	Transfer	4,21,86,455	1.77
				02-09-2016	-20,69,942	Transfer	4,01,16,513	1.68
				09-09-2016	4,21,758	Transfer	4,05,38,271	1.70
				16-09-2016	-4,23,086	Transfer	4,01,15,185	1.68
				23-09-2016	-15,58,445	Transfer	3,85,56,740	1.61
				30-09-2016	1,11,421	Transfer	3,86,68,161	1.62
				07-10-2016	5,12,939	Transfer	3,91,81,100	1.64
				14-10-2016	1,39,337	Transfer	3,93,20,437	1.64
				21-10-2016	4,69,748	Transfer	3,97,90,185	1.66
				28-10-2016	-6,72,286	Transfer	3,91,17,899	1.64
				04-11-2016	2,89,347	Transfer	3,94,07,246	1.65
				11-11-2016	-6,50,056	Transfer	3,87,57,190	1.62
				18-11-2016	2,86,004	Transfer	3,90,43,194	1.63
				25-11-2016	-1,19,656	Transfer	3,89,23,538	1.63
				02-12-2016	11,31,471	Transfer	4,00,55,009	1.68
				09-12-2016	497	Transfer	4,00,55,506	1.68
				16-12-2016	2,26,655	Transfer	4,02,82,161	1.68
				23-12-2016	-1,93,050	Transfer	4,00,89,111	1.68
				30-12-2016	5,37,342	Transfer	4,06,26,453	1.70

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
				06-01-2017	-1,54,153	Transfer	4,04,72,300	1.69
				13-01-2017	1,32,579	Transfer	4,06,04,879	1.70
				20-01-2017	12,05,970	Transfer	4,18,10,849	1.75
				27-01-2017	-61,40,070	Transfer	3,56,70,779	1.49
				03-02-2017	-4,34,934	Transfer	3,52,35,845	1.47
				10-02-2017	-4,82,745	Transfer	3,47,53,100	1.45
				17-02-2017	-3,47,53,100	Transfer	0	0.00
		0	0.00	31-03-2017			0	0.00
2	Credit Suisse (Singapore) Limited	4,17,38,863	1.75	31-03-2016			4,17,38,863	1.75
				08-04-2016	-5,64,914	Transfer	4,11,73,949	1.73
				15-04-2016	1,08,511	Transfer	4,12,82,460	1.73
				22-04-2016	19,95,000	Transfer	4,32,77,460	1.81
				29-04-2016	29,77,612	Transfer	4,62,55,072	1.94
				06-05-2016	33,06,941	Transfer	4,95,62,013	2.08
				13-05-2016	21,00,569	Transfer	5,16,62,582	2.17
				20-05-2016	-3,37,243	Transfer	5,13,25,339	2.15
				27-05-2016	-15,39,917	Transfer	4,97,85,422	2.09
				03-06-2016	1,28,984	Transfer	4,99,14,406	2.09
				10-06-2016	31,257	Transfer	4,99,45,663	2.09
				17-06-2016	-2,74,266	Transfer	4,96,71,397	2.08
				24-06-2016	-5,005	Transfer	4,96,66,392	2.08
				30-06-2016	-1,31,253	Transfer	4,95,35,139	2.07
				01-07-2016	3,098	Transfer	4,95,38,237	2.08
				08-07-2016	-4,66,539	Transfer	4,90,71,698	2.06
				15-07-2016	13,51,401	Transfer	5,04,23,099	2.11
				22-07-2016	-13,27,004	Transfer	4,90,96,095	2.06
				29-07-2016	7,05,979	Transfer	4,98,02,074	2.09
				05-08-2016	2,58,768	Transfer	5,00,60,842	2.10
				12-08-2016	42,496	Transfer	5,01,03,338	2.10
				19-08-2016	19,15,219	Transfer	5,20,18,557	2.18
				26-08-2016	5,07,358	Transfer	5,25,25,915	2.20
				02-09-2016	-38,53,627	Transfer	4,86,72,288	2.04
				09-09-2016	6,88,303	Transfer	4,93,60,591	2.07
				16-09-2016	-2,72,965	Transfer	4,90,87,626	2.05
				23-09-2016	-22,15,702	Transfer	4,68,71,924	1.96
				30-09-2016	-13,15,193	Transfer	4,55,56,731	1.91
				07-10-2016	-460	Transfer	4,55,56,271	1.91
				21-10-2016	-61,463	Transfer	4,54,94,808	1.90
				28-10-2016	13,76,327	Transfer	4,68,71,135	1.96
				04-11-2016	-44,29,700	Transfer	4,24,41,435	1.78
				11-11-2016	-75,55,597	Transfer	3,48,85,838	1.46
				18-11-2016	-31,43,391	Transfer	3,17,42,447	1.33
				25-11-2016	1,68,074	Transfer	3,19,10,521	1.33

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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
				02-12-2016	-14,03,210	Transfer	3,05,07,311	1.28
				09-12-2016	-7,11,487	Transfer	2,97,95,824	1.25
				16-12-2016	-10,33,138	Transfer	2,87,62,686	1.20
				23-12-2016	-27,16,279	Transfer	2,60,46,407	1.09
				30-12-2016	-19,39,469	Transfer	2,41,06,938	1.01
				06-01-2017	-1,721	Transfer	2,41,05,217	1.01
				13-01-2017	-1,853	Transfer	2,41,03,364	1.01
				20-01-2017	-3,85,902	Transfer	2,37,17,462	0.99
				27-01-2017	-7,65,762	Transfer	2,29,51,700	0.96
				03-02-2017	-5,07,600	Transfer	2,24,44,100	0.94
				10-02-2017	187	Transfer	2,24,44,287	0.94
				24-02-2017	-5,18,400	Transfer	2,19,25,887	0.92
				03-03-2017	5,62,055	Transfer	2,24,87,942	0.94
				10-03-2017	17,539	Transfer	2,25,05,481	0.94
				17-03-2017	-10,49,313	Transfer	2,14,56,168	0.90
				24-03-2017	-22,72,493	Transfer	1,91,83,675	0.80
				31-03-2017	-1,39,578	Transfer	1,90,44,097	0.80
		1,90,44,097	0.80	31-03-2017			1,90,44,097	0.80
3	Cinnamon Capital Limited	3,75,36,095	1.58	31-03-2016			3,75,36,095	1.58
				08-04-2016	34,56,000	Transfer	4,09,92,095	1.72
				22-04-2016	29,97,000	Transfer	4,39,89,095	1.84
				29-04-2016	56,74,541	Transfer	4,96,63,636	2.08
				13-05-2016	29,20,000	Transfer	5,25,83,636	2.20
				20-05-2016	11,24,000	Transfer	5,37,07,636	2.25
				10-06-2016	23,88,000	Transfer	5,60,95,636	2.35
				17-06-2016	13,47,276	Transfer	5,74,42,912	2.41
				12-08-2016	10,01,727	Transfer	5,84,44,639	2.45
				26-08-2016	5,69,000	Transfer	5,90,13,639	2.47
				09-09-2016	4,90,000	Transfer	5,95,03,639	2.49
				23-09-2016	16,91,000	Transfer	6,11,94,639	2.56
				30-09-2016	11,15,000	Transfer	6,23,09,639	2.61
				07-10-2016	6,23,000	Transfer	6,29,32,639	2.63
				14-10-2016	18,79,000	Transfer	6,48,11,639	2.71
				21-10-2016	49,19,159	Transfer	6,97,30,798	2.92
				28-10-2016	27,79,000	Transfer	7,25,09,798	3.03
				04-11-2016	40,90,346	Transfer	7,66,00,144	3.20
				11-11-2016	66,31,087	Transfer	8,32,31,231	3.48
				18-11-2016	32,00,000	Transfer	8,64,31,231	3.61
				25-11-2016	21,30,291	Transfer	8,85,61,522	3.70
				02-12-2016	7,35,000	Transfer	8,92,96,522	3.73
				09-12-2016	14,50,000	Transfer	9,07,46,522	3.80
				16-12-2016	16,50,000	Transfer	9,23,96,522	3.86
				30-12-2016	7,71,000	Transfer	9,31,67,522	3.90
				06-01-2017	7,70,000	Transfer	9,39,37,522	3.93

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
				20-01-2017	34,10,000	Transfer	9,73,47,522	4.07
				27-01-2017	29,27,500	Transfer	10,02,75,022	4.19
				03-02-2017	21,18,000	Transfer	10,23,93,022	4.28
				17-03-2017	12,94,000	Transfer	10,36,87,022	4.33
		10,36,87,022	4.33	31-03-2017			10,36,87,022	4.33
4	Government Pension Fund Global	3,51,01,342	1.47	31-03-2016			3,51,01,342	1.47
				13-05-2016	-2,65,458	Transfer	3,48,35,884	1.46
				20-05-2016	-2,65,457	Transfer	3,45,70,427	1.45
				27-05-2016	-5,60,386	Transfer	3,40,10,041	1.43
				10-06-2016	-30,00,000	Transfer	3,10,10,041	1.30
				09-09-2016	-24,58,730	Transfer	2,85,51,311	1.20
				16-09-2016	-14,70,212	Transfer	2,70,81,099	1.13
				28-10-2016	-46,64,898	Transfer	2,24,16,201	0.94
				16-12-2016	15,04,452	Transfer	2,39,20,653	1.00
				23-12-2016	14,95,548	Transfer	2,54,16,201	1.06
				30-12-2016	5,24,408	Transfer	2,59,40,609	1.08
				13-01-2017	2,98,659	Transfer	2,62,39,268	1.10
				27-01-2017	1,51,225	Transfer	2,63,90,493	1.10
				24-02-2017	-75,00,000	Transfer	1,88,90,493	0.79
				10-03-2017	-2,41,000	Transfer	1,86,49,493	0.78
				17-03-2017	-17,33,225	Transfer	1,69,16,268	0.71
				24-03-2017	-12,25,659	Transfer	1,56,90,609	0.66
		1,56,90,609	0.66	31-03-2017			1,56,90,609	0.66
5	Lazard Asset Management LLC A/C Lazard Emerging Markets Portfolio	2,69,63,374	1.13	31-03-2016			2,69,63,374	1.13
				29-04-2016	2,93,250	Transfer	2,72,56,624	1.14
				24-06-2016	5,24,368	Transfer	2,77,80,992	1.16
				09-12-2016	-4,15,772	Transfer	2,73,65,220	1.14
				16-12-2016	-2,92,100	Transfer	2,70,73,120	1.13
				10-03-2017	24,18,854	Transfer	2,94,91,974	1.23
		2,94,91,974	1.23	31-03-2017			2,94,91,974	1.23
6	Centaura Investments (Mauritius) Pte Ltd	2,55,47,908	1.07	31-03-2016			2,55,47,908	1.07
		2,55,47,908	1.07	31-03-2017			2,55,47,908	1.07
7	Goldman Sachs (Singapore) Pte	2,43,14,586	1.02	31-03-2016			2,43,14,586	1.02
				08-04-2016	13,11,973	Transfer	2,56,26,559	1.08
				15-04-2016	5,52,916	Transfer	2,61,79,475	1.10
				22-04-2016	-8,88,676	Transfer	2,52,90,799	1.06
				29-04-2016	-41,23,397	Transfer	2,11,67,402	0.89
				06-05-2016	45,27,146	Transfer	2,56,94,548	1.08
				13-05-2016	15,94,569	Transfer	2,72,89,117	1.14
				20-05-2016	4,87,538	Transfer	2,77,76,655	1.16

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
				27-05-2016	-5,55,000	Transfer	2,72,21,655	1.14
				03-06-2016	-28,726	Transfer	2,71,92,929	1.14
				10-06-2016	-7,78,773	Transfer	2,64,14,156	1.11
				17-06-2016	11,71,570	Transfer	2,75,85,726	1.16
				24-06-2016	7,82,545	Transfer	2,83,68,271	1.19
				30-06-2016	1,60,003	Transfer	2,85,28,274	1.20
				01-07-2016	-24,92,312	Transfer	2,60,35,962	1.09
				08-07-2016	13,08,343	Transfer	2,73,44,305	1.15
				15-07-2016	8,86,207	Transfer	2,82,30,512	1.18
				22-07-2016	9,28,745	Transfer	2,91,59,257	1.22
				29-07-2016	9,41,838	Transfer	3,01,01,095	1.26
				05-08-2016	-3,97,390	Transfer	2,97,03,705	1.24
				12-08-2016	-11,424	Transfer	2,96,92,281	1.24
				19-08-2016	7,65,271	Transfer	3,04,57,552	1.28
				26-08-2016	41,65,450	Transfer	3,46,23,002	1.45
				02-09-2016	-1,85,66,544	Transfer	1,60,56,458	0.67
				09-09-2016	9,05,085	Transfer	1,69,61,543	0.71
				16-09-2016	26,23,577	Transfer	1,95,85,120	0.82
				23-09-2016	-13,01,219	Transfer	1,82,83,901	0.77
				30-09-2016	-44,74,423	Transfer	1,38,09,478	0.58
				07-10-2016	-2,77,532	Transfer	1,35,31,946	0.57
				14-10-2016	9,93,673	Transfer	1,45,25,619	0.61
				21-10-2016	69	Transfer	1,45,25,688	0.61
				28-10-2016	-43,45,068	Transfer	1,01,80,620	0.43
				04-11-2016	-15,43,583	Transfer	86,37,037	0.36
				11-11-2016	8,55,232	Transfer	94,92,269	0.40
				18-11-2016	8,22,807	Transfer	1,03,15,076	0.43
				25-11-2016	-12,61,896	Transfer	90,53,180	0.38
				02-12-2016	-23,60,202	Transfer	66,92,978	0.28
				09-12-2016	-12,23,458	Transfer	54,69,520	0.23
				16-12-2016	2,86,162	Transfer	57,55,682	0.24
				23-12-2016	20,11,075	Transfer	77,66,757	0.32
				30-12-2016	-18,01,287	Transfer	59,65,470	0.25
				06-01-2017	-6,32,995	Transfer	53,32,475	0.22
				13-01-2017	1,82,954	Transfer	55,15,429	0.23
				20-01-2017	-11,00,130	Transfer	44,15,299	0.18
				27-01-2017	7,32,158	Transfer	51,47,457	0.22
				03-02-2017	51,21,050	Transfer	1,02,68,507	0.43
				10-02-2017	46,948	Transfer	1,03,15,455	0.43
				17-02-2017	-4,94,052	Transfer	98,21,403	0.41
				24-02-2017	-44,25,192	Transfer	53,96,211	0.23
				03-03-2017	27,35,703	Transfer	81,31,914	0.34
				10-03-2017	-14,95,030	Transfer	66,36,884	0.28
				17-03-2017	4,56,927	Transfer	70,93,811	0.30
				24-03-2017	-44,11,130	Transfer	26,82,681	0.11
				31-03-2017	-17,85,653	Transfer	8,97,028	0.04

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
		8,97,028	0.04	31-03-2017			8,97,028	0.04
8	The Genesis Emerging Markets Investment Company	2,24,21,418	0.94	31-03-2016			2,24,21,418	0.94
				06-05-2016	-3,51,923	Transfer	2,20,69,495	0.93
				27-05-2016	-82,234	Transfer	2,19,87,261	0.92
				30-06-2016	-5,04,650	Transfer	2,14,82,611	0.90
				15-07-2016	-3,53,945	Transfer	2,11,28,666	0.88
				30-09-2016	-10,30,541	Transfer	2,00,98,125	0.84
				07-10-2016	-83,279	Transfer	2,00,14,846	0.84
				04-11-2016	-8,06,830	Transfer	1,92,08,016	0.80
				09-12-2016	-3,31,282	Transfer	1,88,76,734	0.79
				30-12-2016	-1,75,008	Transfer	1,87,01,726	0.78
				13-01-2017	-2,92,937	Transfer	1,84,08,789	0.77
				03-03-2017	-2,82,930	Transfer	1,81,25,859	0.76
		1,81,25,859	0.76	31-03-2017			1,81,25,859	0.76
9	Europacific Growth Fund	2,13,93,890	0.90	31-03-2016			2,13,93,890	0.90
		2,13,93,890	0.89	31-03-2017			2,13,93,890	0.89
10	The Genesis Group Trust For Employee Benefit Plans	2,10,12,960	0.88	31-03-2016			2,10,12,960	0.88
				08-04-2016	-8,58,775	Transfer	2,01,54,185	0.85
				06-05-2016	-70,385	Transfer	2,00,83,800	0.84
				30-09-2016	-10,30,742	Transfer	1,90,53,058	0.80
				07-10-2016	-83,297	Transfer	1,89,69,761	0.79
				02-12-2016	-2,60,600	Transfer	1,87,09,161	0.78
				30-12-2016	-68,669	Transfer	1,86,40,492	0.78
				03-02-2017	-3,57,749	Transfer	1,82,82,743	0.76
				03-03-2017	-1,82,82,743	Transfer	0	0.00
		0	0.00	31-03-2017			0	0.00

Note:

1. Top ten shareholders of the Bank at the beginning of the financial 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.

FORM NO. MGT-9 (CONT.)

v. Shareholding of Directors and Key Managerial Personnel:

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	4,85,000	0.02	31-03-2016			4,85,000	0.02
				08-04-2016	50,000	Transfer	5,35,000	0.02
				22-04-2016	1,00,000	Transfer	6,35,000	0.03
				20-05-2016	-25,000	Transfer	6,10,000	0.03
				27-05-2016	-50,000	Transfer	5,60,000	0.02
				03-06-2016	-60,000	Transfer	5,00,000	0.02
				10-06-2016	-25,000	Transfer	4,75,000	0.02
				17-06-2016	1,00,000	Transfer	5,75,000	0.02
				24-06-2016	50,000	Transfer	6,25,000	0.03
				29-07-2016	-50,000	Transfer	5,75,000	0.02
				05-08-2016	-50000	Transfer	5,25,000	0.02
				12-08-2016	25,000	Transfer	5,50,000	0.02
				19-08-2016	50,000	Transfer	6,00,000	0.03
				02-09-2016	-25,000	Transfer	5,75,000	0.02
				16-09-2016	-50,000	Transfer	5,25,000	0.02
				23-09-2016	50,000	Transfer	5,75,000	0.02
				30-09-2016	25,000	Transfer	6,00,000	0.03
				07-10-2016	25,000	Transfer	6,25,000	0.03
				04-11-2016	-25,000	Transfer	6,00,000	0.03
				11-11-2016	-25,000	Transfer	5,75,000	0.02
				18-11-2016	-25,000	Transfer	5,50,000	0.02
				09-12-2016	50,000	Transfer	6,00,000	0.03
				23-12-2016	-25,000	Transfer	5,75,000	0.02
				30-12-2016	-25,000	Transfer	5,50,000	0.02
				06-01-2017	25,000	Transfer	5,75,000	0.02
				13-01-2017	50,000	Transfer	6,25,000	0.03
				03-02-2017	-50,000	Transfer	5,75,000	0.02
				10-02-2017	-25,000	Transfer	5,50,000	0.02
				10-03-2017	25,000	Transfer	5,75,000	0.02
				17-03-2017	-50,000	Transfer	5,25,000	0.02
				24-03-2017	50,000	Transfer	5,75,000	0.02
				31-03-2017	25,000	Transfer	6,00,000	0.03
		5,75,000	0.02	31-03-2017			5,75,000	0.02
2	Srinivasan V.	9,32,500	0.04	31-03-2016			9,32,500	0.04
				17-06-2016	-1,00,000	Transfer	8,32,500	0.04
				26-08-2016	-1,00,000	Transfer	7,32,500	0.03
				02-09-2016	-1,00,000	Transfer	6,32,500	0.03
				24-02-2017	2,10,000	Transfer	8,42,500	0.04
				03-03-2017	65,000	Transfer	9,07,500	0.04

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
				10-03-2017	17,500	Transfer	9,25,000	0.04
				17-03-2017	5,000	Transfer	9,30,000	0.04
				24-03-2017	1,35,000	Transfer	10,65,000	0.05
				31-03-2017	15,000	Transfer	10,80,000	0.05
		10,80,000	0.05	31-03-2017			10,80,000	0.05
3	Rajiv Anand	3,10,000	0.01	31-03-2016			3,10,000	0.01
				13-05-2016	35,000	Transfer	3,45,000	0.01
				03-06-2016	-10,000	Transfer	3,35,000	0.01
				10-06-2016	85,000	Transfer	4,20,000	0.02
				29-07-2016	-34,500	Transfer	3,85,500	0.02
				09-09-2016	-25,000	Transfer	3,60,500	0.02
				23-09-2016	-10,000	Transfer	3,50,500	0.01
				10-02-2017	-35,000	Transfer	3,15,500	0.01
				03-03-2017	90,000	Transfer	4,05,500	0.02
				10-03-2017	-25,000	Transfer	3,80,500	0.02
		3,80,500	0.02	31-03-2017			3,80,500	0.02
4	Rajesh Dahiya	26,000	0.00	31-03-2016			26,000	0.00
				06-05-2016	-10,000	Transfer	16,000	0.00
				13-05-2016	-6,000	Transfer	10,000	0.00
				20-05-2016	-5,000	Transfer	5,000	0.00
				03-06-2016	-5,000	Transfer	0	0.00
				24-06-2016	20,000	Transfer	20,000	0.00
				30-06-2016	-15,000	Transfer	5,000	0.00
				29-07-2016	-5,000	Transfer	0	0.00
				19-08-2016	12,500	Transfer	12,500	0.00
				26-08-2016	-12,500	Transfer	0	0.00
				09-09-2016	60,000	Transfer	60,000	0.00
				16-09-2016	-60000	Transfer	0	0.00
				03-03-2017	30,000	Transfer	30,000	0.00
		30,000	0.00	31-03-2017			30,000	0.00
5	V. R. Kaundinya	5,000	0.00	31-03-2016			5,000	0.00
		5,000		31-03-2017			5,000	0.00
6	Jairam Sridharan	61,716	0.00	31-03-2016			61,716	0.00
				03-06-2016	-6,175	Transfer	55,541	0.00
				24-03-2017	1,03,500	Transfer	1,59,041	0.01
		1,59,041	0.01	31-03-2017			1,59,041	0.01
7	Girish V. Koliyote	-	0.00	31-03-2016			-	-
		-		31-03-2017			-	-

Note :

1. Shri Rajiv Anand was appointed as the Executive Director (Retail Banking) of the Bank w.e.f. 4th August 2016 and Shri Rajesh Dahiya was appointed as the Executive Director (Corporate Centre) of the Bank w.e.f. 4th August 2016.

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V. INDEBTEDNESS

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

(₹ in crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9,354.00	99,226.38	-	1,08,580.38
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	17.18	1,097.19	-	1,114.37
Total (i+ii+iii)	**9,371.18**	**1,00,323.57**	**-**	**1,09,694.75**
Change in Indebtedness during the financial year				
Addition	19,02,619.24	2,21,818.80		21,24,438.04
Reduction	(19,10,607.00)	(2,16,954.07)		(21,27,561.07)
Net Change	**(7,987.76)**	**4,864.73**	**-**	**(3,123.03)**
Indebtedness at the end of the financial year				
i) Principal Amount	1,381.09	1,03,649.78		1,05,030.87
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.33	1,538.52		1,540.85
Total (i+ii+iii)	**1,383.42**	**1,05,188.30**	**-**	**1,06,571.72**

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 of financial year and the end of financial year.
4. In terms of RBI circular no. FMRD.DIRD.10/14.03.002/2015-16 dated 19th May 2016, repo transactions with RBI under LAF/MSF are accounted for as borrowing as against the earlier practice of including the same under Investments. Accordingly indebtedness at the beginning of the financial year have been reclassified to conform to current period's classification.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Smt. Shikha Sharma	Shri V. Srinivasan	Shri Rajiv Anand*	Shri Rajesh Dahiya*	
1	Gross salary					
	(a) Salary as per provisions contained u/s 17(1) of the Income-tax Act,1961	5,46,34,607	3,58,37,628	1,55,79,097	1,02,45,496	11,62,96,828
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	27,62,023	51,600	5,05,874	14,55,482	47,74,979
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Options	9,00,000	5,00,000	2,30,000	2,00,000	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-		-
	- others	-	-	-	-	-
5	Others	-	-	-	-	-
	Total (A)	-	-	-	**-**	**12,10,71,807**
	Ceiling as per the Act**	-	-	-	-	-

* Shri Rajiv Anand and Shri Rajesh Dahiya were appointed as the Whole Time Directors of the Bank w.e.f. 4th August 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 to other Directors:

(in ₹)

Sr. No.	Particulars of Remuneration to Independent Directors	V. R. Kaundinya	Prasad R. Menon	Samir Barua	Som Mittal	Rohit Bhagat	S. Vishvanathan	Rakesh Makhija	Total Amount
1	Fee for attending Board / Committee meetings	18,50,000	18,50,000	22,00,000	14,50,000	11,50,000	20,00,000	18,00,000	1,23,00,000
2	Commission for FY 2015-16	10,00,000	10,00,000	10,00,000	10,00,000	10,00,000	10,00,000	4,28,962	64,28,962
3	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	**28,50,000**	**28,50,000**	**32,00,000**	**24,50,000**	**21,50,000**	**30,00,000**	**22,28,962**	**1,87,28,962**

(in ₹)

Sr. No.	Particulars of Remuneration of Independent/Non-Executive Directors	Smt. Ketaki Bhagwati	Dr. Sanjiv Misra	Shri B. Babu Rao	Smt. Usha Sangwan	Total Amount
1	Fee for attending Board/Committee meetings	15,50,000	9,00,000	11,00,000	5,50,000	41,00,000
2	Commission for FY 2015-16	1,99,454	-	1,99,454	10,00,000	13,98,908
3	Others, please specify	-	-	-	-	-
	Total (2)	**17,49,454**	**9,00,000**	**12,99,454**	**15,50,000**	**54,98,908**
	Total (B)=(1+2)					**2,42,27,870**
	Total Managerial Remuneration (A+B)					**14,52,99,677**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(in ₹)

Sr. No.	Particulars of Remuneration	Jairam Sridharan, Chief Financial Officer	Girish V. Koliyote, Company Secretary	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained u/s 17(1) of the Income-tax Act, 1961	1,47,78,268	64,23,634	2,12,01,902
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	18,02,775	3,04,464	21,07,239
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	-	-	
2	Stock Option	1,40,000	26,000	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others	-	-	-
5	Others	-	-	-
	Total	**1,65,81,043**	**67,28,098**	**2,33,09,141**

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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
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other Officers in Default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

DISCLOSURE ON REMUNERATION

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

(i) The ratio of the remuneration of each director of the Bank to the median remuneration of the employees of the Bank for the financial year 2016-17, are as under;

Name of the Executive Directors	Ratio of remuneration to median remuneration of all employees
Smt. Shikha Sharma, Managing Director & CEO	77.6
Shri V. Srinivasan, Deputy Managing Director	51.4
Shri Rajiv Anand, Executive Director (Retail Banking)	40.0
Shri Rajesh Dahiya, Executive Director (Corporate Centre)	33.3

Note: All confirmed employees (excluding front line sales force), as on 31st March 2017 have been considered.

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year, are as under;

Name of the Director/Key Managerial Personnel	% increase in the remuneration in the financial year 2016-17
Executive Directors	
Smt. Shikha Sharma, MD & CEO	6.5
Shri V. Srinivasan, Deputy Managing Director	10.0
Shri Rajiv Anand, Executive Director*	15.0
Shri Rajesh Dahiya, Executive Director**	19.3
Key Managerial Personnel	
Shri Jairam Sridharan, Chief Financial Officer	19.2
Shri Girish V. Koliyote, Company Secretary	9.5

*The percentage increase in the remuneration of Shri Rajiv Anand on his appointment as the Whole Time Director designated as the Executive Director (Retail Banking) of the Bank w.e.f. 4th August 2016.

**The percentage increase in the remuneration of Shri Rajesh Dahiya on his appointment as the Whole Time Director designated as the Executive Director (Corporate Centre) of the Bank w.e.f. 4th August 2016.

(iii) The percentage increase in the median remuneration of the said employees of the Bank during the financial year 2016-17 is as under:

Median remuneration of employees (including frontline sales force) of the Bank increased by 9.27% in the financial year 2016-17, as compared to the financial year 2015-16.

(iv) The number of permanent employees on the rolls of the Bank as on 31st March 2017 - The Bank had 56,617 permanent employees on its rolls as on 31st March 2017.

DISCLOSURE ON REMUNERATION (CONT.)

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

Average remuneration increase for non-managerial personnel of the Bank during the financial year 2016-17 was 9.7% and the average remuneration increase for the said managerial personnel of the Bank was around 11.0 %.

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

(vi) Affirmation that the remuneration is as per the remuneration policy of the Bank.

The Remuneration policy of the Bank as approved by the Nomination and the Remuneration Committee of the Board of Directors of the Bank is in line with Risk Alignment Policy Guidelines issued by the Reserve Bank of India. We affirm that the remuneration paid to all employees is as per the said 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 formulated and adopted a Corporate Social Responsibility (CSR) Policy in compliance with the provisions of Section 135 of the Companies Act, 2013 and the same has been uploaded on the Bank's website and the web-link for the same is https://www.axisbank.com/csr.

The primary purpose of the Bank's CSR philosophy is to make a meaningful and measurable impact in the lives of economically, physically and socially challenged communities of the country through an integrated approach of development which focuses on creating sustainable livelihood, promoting education and skills development, creating awareness amongst public at large on public interest topics including financial literacy, facilitating and providing access to formal banking channels for excluded sections, promoting environmental sustainability and supporting health and sanitation initiatives.

The CSR activities are pursued through various initiatives undertaken directly by the Bank or through Axis Bank Foundation (ABF) or through any other Trusts or agencies and entities as deemed suitable by the CSR Committee. The Bank also 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 its CSR Policy with sharper focus on creating Sustainable Livelihood. ABF has set an ambitious target of creating 1 million livelihoods by 2017 end. Partnering with close to 100 NGOs across the length and breadth of India since it was set up, ABF has impacted 10.81 lac beneficiaries across the focus areas as on 31st March 2017 and created 9.12 lac livelihoods. A key differentiator of ABF programs is the integration of social, economic and ecological sustainability aspects in the design of the programs. Economic sustainability is achieved through livelihood planning that comprises of risk mitigation, productivity enhancing approaches, linkages with finance and markets; social security is achieved through promotion of self-help groups as tools for empowerment and creating collectives that steer the agenda forward; and ecological sustainability is maintained and enhanced through natural resource management which include soil and water management and planning of suitable livelihood activities. This holistic approach of ABF programs helps in creating a multiplier effect in enhancing the quality of livelihoods, empowering women and contributing to environmental sustainability. Extending this holistic approach for community development, ABF has joined the Government of Maharashtra's "Village Social Transformation Mission" as a founding partner. The mission aims to reform the conditions in over 1000 villages worst affected by drought and other social challenges and convert them into Model Villages. This model will then be scaled across the state. This Mission is a collaborative effort with the private sector which will provide both financial and technical support to the Mission. This Mission, a collaborative effort of the Government and private sector, will converge the Government efforts with activities undertaken by Corporates under the CSR programs which will provide both financial and technical support to the Mission. An illustrative list of various programs and activities supported by ABF can be accessed at www.axisbankfoundation.org

The activities directly undertaken by the Bank focus on poverty alleviation, rural development through promoting financial literacy and enabling financial inclusion, environmental sustainability, education and skill development. During the year, the country witnessed a significant economic reform aimed at guiding India to become a less-cash society through a multi-pronged approach of the Government of India. The Bank has re-focused its financial literacy and inclusion activities to help public at large understand and make a transition to digital and alternate channels of transactions. These measures in alignment with Government's JAM (Jan Dhan – Aadhar – Mobile) vision have immense potential to help people, especially those currently excluded from formal banking channels to access financial solutions, increase savings, improve livelihood earnings through access to micro-credit, gain access to Government schemes, and thus contribute to reduction of economic and social inequalities, create a more transparent and inclusive model of economic participation leading to common good. The Bank recognizes that MSME sector is a vital component of economic growth and job creation which is also a priority focus area of the Government under programs such as 'Make in India', 'Skill India', 'Startup India' etc. Through knowledge sharing programs, the Bank provides a platform for MSMEs to gain knowledge on topics related to the sector growth and future opportunities. The Bank also supports programs to contribute to entrepreneurial skill development by providing a platform for promising start-ups to be mentored by industry leaders. Environmental sustainability is another key focus area for the Bank.

ANNUAL REPORT ON CSR ACTIVITIES (CONT.)

ABF as part of its sustainable livelihood programs supports promotion and sustenance of rural livelihoods in the rain-fed regions of the country. During the year, ABF organized its 2nd Annual Conference at Mumbai in December 2016. The theme of the conference was, 'Rural Livelihood and Sustainability'. The conference serves as an industry platform that encourages open discussions on topics of relevance on rural livelihoods and its sustainability. The conference featured several thematic focused discussions that included – a Round Table on Water Conservation and Security, a debate on 'Sustainability of the Development Sector – Grant Funding or Impact Investing', panel discussions on 'Combatting Agrarian Distress' and 'Rural Innovation' with panelists from India and abroad. The conference included keynote speeches by Dr. Tushaar Shah, Senior Fellow in the International Water Management Institute and Dr. Anil K Gupta, Professor at the Centre for Management in Agriculture, Indian Institute of Management, Ahmedabad and founder of Honey Bee Network. The conference was attended by ABF's partner NGOs, thought leaders from social sectors, development sector professionals and practitioners, academics, students and media.

During the event, ABF also released a research paper titled 'Water- The Lifeline of Rural Livelihood' based on its projects on water security and its influence on livelihoods. The report emphasizes the heavy dependence on water as a basic necessity for rural livelihoods, agriculture being the predominant occupation. The research report is a compilation of case studies of ABF supported projects on water security and sustainable livelihood, 60% of agriculture being dependent on rainfall makes water-conservation critical for livelihood and consequently food security of the rural population. The report demonstrates various models of water-conversation, security and access along with critical findings regarding impact and challenges. Various water conservation structures have been implemented depending on climate and topographical features of those locations. This has seen increase in land under cultivation thereby increase in crop production cascading to increase in income. This has consequently led to acquiring household and other income generating assets and promotion of savings and credit groups. The interventions and solutions discussed in the report essentially focus on the benefits for the poor, vulnerable and marginalized sections of the society.

The members of the CSR Committee of the Bank and Senior Management of the Bank closely monitor the CSR agenda. Periodic review of CSR programs is conducted at the Board level through the CSR Committee. The members of the CSR Committee and Bank's Senior Management also conduct annual field visits and interactions with beneficiaries to gain first-hand perspective of the programs and impacts created. During the year, they visited the ABF program run in partnership with Dilasa Santha in Yavatmal District, Maharashtra to understand various livelihood interventions of ABF in the region.

During the year, the Bank was rewarded by the 'CII Sustainability Domain (Corporate Social Responsibility) Excellence Award' in recognition of its CSR efforts and impacts created. The Bank also was recognized as 'Socially Aware Corporate of the Year' at Business Standard's Corporate Social Responsibility Awards, 2016 for the impacts created by ABF's livelihood programs over the past decade. The Bank is humbled by such recognitions which further make the Bank's resolve stronger to continue to positively impact the society through its community programs.

For more details on the Bank's CSR efforts, please refer to the 'Corporate Social Responsibility (CSR)' section under 'Management Discussion and Analysis' and further disclosures made in the Bank's Sustainability Report.

2. The Composition of the CSR Committee: Shri Som Mittal (Chairman), Shri Rajesh Dahiya and Shri Rajiv Anand.

3. Average net profit of the company for last three financial years: ₹9,821.75 crore.

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹196.44 crore.

5. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year (2016-17): ₹135.39 crore.

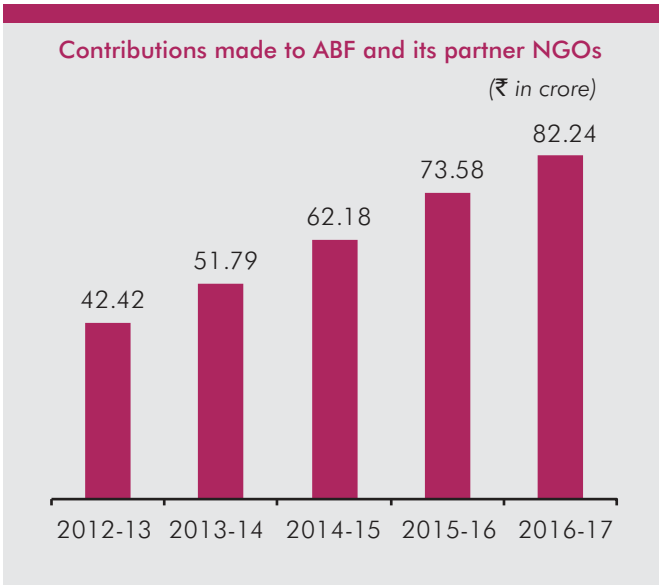
(b) Amount unspent, if any: ₹61.05 crore.

(c) Manner in which the amount spent during the financial year: Please refer **Annexure A.**

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.

As a responsible corporate citizen, the Bank has been playing an active role in community development even before Corporate Social Responsibility (CSR) was included in the Companies Act, 2013. In 2006, the Bank had set-up a Trust – the Axis Bank Foundation (ABF) to channel its social investments and has since been contributing one percent of its previous year's net profit

to the ABF and its partner NGOs. The Bank has made cumulative contributions of ₹411.50 crore till date to ABF and its partner NGOs. ABF activities are spread across 221 districts in 21 states across the country addressing needs of the underprivileged sections of society, especially in the area of creating sustainable livelihoods. During the year, the activities of ABF have reached out to additional 2.67 lacs beneficiaries, taking the cumulative count of beneficiaries to 10.81 lacs. ABF also recognizes the need to enhance the capacity and capability of partner NGOs to continue to deliver community benefits. In the past two years, various engagements with NGO partners were conducted. ABF has put in place a Grant Management System to ensure a robust and consistent selection, monitoring and evaluation processes. A comprehensive Financial Audit rating tool is designed for NGO partners which helps them enhance their efficiency and improve transparency. ABF provides on-going support to its NGO partners towards building their capability and capacity. ABF also has come out with a CSR Process Manual which is a compendium of best practices followed by ABF and has made it available for free on its website for other organisations to adopt such best practices. The Bank launched a programme to identify more partners who can deliver impactful interventions, which would help scale up our efforts.



The Bank also identified new opportunities during the year in the programs undertaken by it in the fields of poverty alleviation, rural development through promoting financial literacy and enabling financial inclusion, environmental sustainability, education and skill development. As the country ushered into a new era of less-cash society through Government's focus on digital economy, the Bank bolstered its financial literacy and inclusion activities to enable people, especially rural populace to make a transition to digital way of transactions.

During the year 2016-17, the Bank has spent ₹135.39 crore on various CSR activities, which is equivalent to 1.38% of its average net profits of the last three financial years. The Bank believes in investing in impactful programs that are aligned to long term objectives of the Bank as detailed in the Bank's CSR Policy and also leverages the nation-wide branch network of the Bank towards CSR programs. However, during the year some of the planned CSR programs were realigned to support the Government of India's laudable efforts towards creating a less-cash society, which resulted in less than estimated utilization of funds for some programs. As the Government efforts expand in this direction, the Bank will also scale up its activities towards this endeavor. The Bank remains committed to continually exploring 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. ABF is also in the process of creating a new mission for its community development agenda as it is on course to achieve its earlier mission of creating **1 million livelihoods by December 2017**. This will also help the Bank to strategically plan for incremental investments in meaningful CSR programs which leverage both ABF and the Bank resources and geographical outreach.

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 the CSR Policy of the Bank.

Place: Mumbai	Rajesh Dahiya	Som Mittal
Date: 26th April 2017	Executive Director (Corporate Centre)	Chairman – CSR Committee

Annexure A

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR Project or Activity identified**	**Sector in which the Project is covered**	**Projects or Programs** **(1) Local area or other** **(2) Specify the State and district where projects or programs was undertaken**	**Amount Outlay (Budget) Project or programs wise**	**Amount Spent on the Projects or programs** **Sub-heads:** **(1) Direct Expenditure on Projects or Programs** **(2) Overheads**	**Cumulative Expenditure up to the Reporting Period**	**Amount Spent:** **Direct or through implementing Agency**
1.	Contribution to Axis Bank Foundation and its partner NGOs towards undertaking CSR activities as per the focus areas and program areas listed in Axis Bank's 'Policy for Corporate Social Responsibility'. Details of the initiatives undertaken by Axis Bank Foundation are available at www.axisbankfoundation.org	Education (primary, secondary, supplementary, special, vocational), livelihood enhancement, vocational skills training, conservation of natural resources and rural development, healthcare (including preventive healthcare)	1. Local area (211 districts) and Others (10 districts) 2. Andhra Pradesh (9 districts), Assam (11 districts), Bihar (15 districts), Chattisgarh (8 districts), Gujarat (6 districts), Jharkhand (16 districts), Karnataka (15 districts), Kerala (4 districts), Madhya Pradesh (23 districts), Maharashtra (27 districts), Manipur (2 districts), Meghalaya (6 districts), Mizoram (1 district), Nagaland (2 districts), Odisha (12 districts), Punjab (3 districts), Rajasthan (12 districts), Sikkim (2 districts), Tamil Nadu (9 districts), Telangana (4 districts), Tripura (1 district), Uttar Pradesh (24 districts), Uttarakhand (1 district), West Bengal (8 districts)	₹82.24 crore (For 2016-17)	Direct expenditure: ₹82.24 crore Overheads: Nil	₹411.50 crore (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 & inclusion and public awareness program: a. Financial and digital 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 c. Public awareness on socially relevant topics such as road safety, girl child education, health & sanitation etc.	Education (financial literacy, consumer awareness, public awareness), reducing inequalities faced by socially and economically backward groups, rural development	1. Local area (511 districts) and Others (6 districts) 2. Andaman & Nicobar UT (2 districts), Andhra Pradesh (15 districts), Arunachal Pradesh (2 districts), Assam (27 districts), Bihar (41 districts), Chandigarh UT (2 districts), Chattisgarh (23 districts), Dadra & Nagar UT (1 district), Daman & Diu UT (2 districts), Delhi (16 districts), Goa (2 districts), Gujarat (31 districts), Haryana (20 districts), Himachal Pradesh (8 districts), Jammu & Kashmir (12 districts), Jharkhand (23 districts), Karnataka (32 districts), Kerala (14 districts), Madhya Pradesh (54 districts), Maharashtra (33 districts), Manipur (6 districts), Meghalaya (4 districts), Mizoram (2 districts), Nagaland (4 districts), Odisha (48 districts), Pondicherry UT (3 districts), Punjab (25 districts), Rajasthan (32 districts), Sikkim (3 districts), Tamil Nadu (25 districts), Telangana (1 district), Uttar Pradesh (2 districts), West Bengal (2 districts)	₹32.21 crore	Direct expenditure: ₹23.30 crore Overheads: Nil	₹105.65 crore (since 2014-15)	Direct and through Business Correspondents

Annexure A

(1) Sr. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered	(4) Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount Outlay (Budget) Project or programs wise	(6) Amount Spent on the Projects or programs Sub-heads: (1) Direct Expenditure on Projects or Programs (2) Overheads	(7) Cumulative Expenditure up to the Reporting Period	(8) Amount Spent: Direct or through implementing Agency
3.	Environmental sustainability program: a. Reduction of GHG emissions through use of renewable energy and optimising energy efficiency	Environmental sustainability, ecological balance and natural resource conservation	1. Local area (71 districts) 2. Andhra Pradesh (8 districts), Delhi (12 districts), Gujarat (19 districts), Haryana (3 districts), Karnataka (2 districts), Kerala (1 district), Maharashtra (6 districts), Rajasthan (8 districts), Tamil Nadu (7 districts), Telangana (3 districts), Uttar Pradesh (2 districts)	₹13.24 crore	Direct expenditure: ₹18.49 crore Overheads: Nil	₹52.59 crore (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 (42 districts) 2. Andhra Pradesh (2 districts), Assam (1 district), Chandigarh (UT) (1 district), Delhi (1 district), Gujarat (4 districts), Haryana (3 districts), Jammu and Kashmir (1 district), Jharkhand (1 district), Karnataka (2 districts), Kerala (2 districts), Madhya Pradesh (2 districts), Maharashtra (5 districts), Odisha (1 district), Punjab (2 districts), Rajasthan (2 districts), Tamil Nadu (6 districts), Telangana (1 district), Uttar Pradesh (2 districts), West Bengal (3 districts)	₹2.50 crore	Direct expenditure: ₹3.98 crore Overheads: Nil	₹6.74 crore (since 2014-15)	Direct
5.	Education and Skill development program: a. Promoting entrepreneurial skills among start-ups b. Imparting employable skills to youth	Education (skills development)	1. Local area (126 districts) and Others (5 districts) 2. Andhra Pradesh (4 districts), Assam (6 districts), Bihar (9 districts), Chandigarh (UT) (1 district), Chattisgarh (2 districts), Delhi (1 district), Haryana (3 districts), Jharkhand (17 districts), Karnataka (5 districts), Madhya Pradesh (7 districts), Maharashtra (6 districts), Odisha (10 districts), Pondicherry UT (1 district), Punjab (1 district), Rajasthan (7 districts), Sikkim (1 district), Tamil Nadu (6 districts), Telangana (8 districts), Tripura (1 district), Uttar Pradesh (10 districts), Uttarakhand (1 district), West Bengal (24 districts)	₹5.28 crore	Direct expenditure: ₹5.23 crore Overheads: Nil	₹7.31 crore (since 2015-16)	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	₹1.66 crore	Direct expenditure: Nil Overheads: ₹2.16 crore	₹5.68 crore (since 2014-15)	Direct
	TOTAL			**₹137.13 crore**	**₹135.39 crore**	**₹589.47 crore**	

*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 https://www.axisbank.com/agri-and-rural/financial-inclusion/business-correspondents

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
For the financial year ended 31st March 2017

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members
Axis Bank Limited

Trishul, 3rd Floor,
Opp. Samartheshwar Temple,
Law Garden, Ellisbridge,
Ahmedabad – 380 006
Gujarat

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Axis Bank Limited** (hereinafter called 'the Bank') for the year ended on 31st March 2017 (the 'audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of Secretarial Audit; we hereby report that in our opinion, the Bank has, during the audit period complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31st March 2017 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;

(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;

  (g) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;

  (h) The Securities and Exchange Board of India (Banker to Issue) Regulations, 1994.

(vi) The Banking Regulation Act, 1949 as specifically applicable to the Bank.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India related to meetings and minutes.

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

During the year 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; and

(iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings.

We further report that –

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

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

Decisions at the meetings of the Board of Directors of the Bank and at Committees were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the year 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 year, the Bank has:

1. Allotted following Unsecured Redeemable Non - Convertible Debentures on a private placement basis: -

(a) 24,300 Unsecured Redeemable Non - Convertible Subordinated Debentures (Series - 24) of the Face Value ₹10 lakh each at par aggregating to ₹2430 crores (Rupees Two Thousand Four Hundred and Thirty Crores Only) on 27th May 2016.

(b) 50,000 Senior Unsecured Redeemable Non- Convertible Debentures (Series - 3) of the Face Value ₹10 Lakh each at par aggregating to ₹5000 crores (Rupees Five Thousand Crores Only) on 20th October 2016.

(c) 18,000 Unsecured Redeemable Non- Convertible Subordinated Debentures (Series -25) of the Face Value ₹10 Lakh each at par aggregating to ₹1800 crores (Rupees Eighteen Hundred Crores Only) on 23rd November 2016.

(d) 35,000 Unsecured Subordinate, Perpetual Non - Convertible Debentures (Series - 26) of the Face Value ₹10 Lakh each at par aggregating to ₹3500 crores (Rupees Three Thousand and Five Hundred Crores Only) on 14th December 2016.

For **BNP & Associates**
Company Secretaries

Place: Mumbai
Date: 26th April 2017

Prakash K. Pandya
Partner
FCS 3901 / CP No. 2311

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

SECRETARIAL AUDIT REPORT (CONT.)

Annexure A

To,

The Members
Axis Bank Limited

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Axis Bank Limited (the 'Bank') is the responsibility of the management of the Bank. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Bank. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Bank, along with explanations where so required.

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records were produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.

5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For **BNP & Associates**
Company Secretaries

Place: Mumbai
Date: 26th April 2017

Prakash K. Pandya
Partner
FCS 3901 / CP No. 2311

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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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, 2017, the Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, provision of section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements together with the notes give the information required by the Banking Regulation Act, 1949 as well as the Act, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Bank as at 31 March, 2017, its profit, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

2. As required sub section (3) of section 30 of the Banking Regulation Act, 1949, 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 220 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, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;

   (e) On the basis of written representations received from the directors as on 31 March, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, 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 as amended, 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.I and 18.1.2.15 (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, if any, on long-term contracts including derivative contracts – Refer Note 18.1.2.15 (b) to the standalone financial statements;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank;

      iv. As per books of accounts of the Bank and represented by the management, the disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30 March, 2017 is not applicable to the Bank - Refer Note 18.1.2.16 to the standalone financial statements.

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

per Viren H. Mehta
Partner
Membership Number: 048749

Place of Signature: Mumbai
Date: 26 April, 2017

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, 2017 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013; in so far as they apply to the Bank and the Guidelines issued by the Reserve Bank of India.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Viren H. Mehta
Partner
Membership Number: 048749

Place of Signature: Mumbai
Date: 26 April, 2017

BALANCE SHEET
as at 31 March, 2017

(₹ in Thousands)

	Schedule No.	As at 31-03-2017	As at 31-03-2016
Capital and Liabilities			
Capital	1	4,790,072	4,765,664
Reserves & Surplus	2	552,835,346	526,883,409
Deposits	3	4,143,787,878	3,579,675,603
Borrowings	4	1,050,308,694	1,085,803,789
Other Liabilities and Provisions	5	262,954,713	201,081,731
Total		**6,014,676,703**	**5,398,210,196**
Assets			
Cash and Balances with Reserve Bank of India	6	308,579,390	223,611,495
Balances with Banks and Money at Call and Short Notice	7	193,982,441	109,642,909
Investments	8	1,287,933,704	1,315,240,609
Advances	9	3,730,693,495	3,387,737,229
Fixed Assets	10	37,468,925	35,231,719
Other Assets	11	456,018,748	326,746,235
Total		**6,014,676,703**	**5,398,210,196**
Contingent Liabilities	12	6,696,258,442	6,174,463,565
Bills for Collection		810,553,648	512,794,653
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 S. R. Batliboi & Co. LLP
Chartered Accountants

Viren H. Mehta
Partner

Date : 26 April, 2017
Place: Mumbai

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director

PROFIT & LOSS ACCOUNT

for the year ended 31 March, 2017

(₹ in Thousands)

		Schedule No.	Year ended 31-03-2017	Year ended 31-03-2016
I	**Income**			
	Interest earned	13	445,421,579	409,880,364
	Other income	14	116,913,107	93,714,644
	Total		**562,334,686**	**503,595,008**
II	**Expenditure**			
	Interest expended	15	264,490,420	241,550,675
	Operating expenses	16	121,999,053	101,008,186
	Provisions and contingencies	18 (1.1.1)	139,052,421	78,799,519
	Total		**525,541,894**	**421,358,380**
III	**Net Profit For The Year (I - II)**		**36,792,792**	**82,236,628**
	Balance In Profit & Loss Account Brought Forward From Previous Year		237,664,559	176,234,914
IV	**Amount Available For Appropriation**		**274,457,351**	**258,471,542**
V	**Appropriations:**			
	Transfer to Statutory Reserve		9,198,198	20,559,157
	Transfer to/(from) Investment Reserve		(871,671)	(418,074)
	Transfer to Capital Reserve	18 (1.2.1)	7,555,740	620,406
	Transfer to/(from) Reserve Fund	18 (1.2.2)	17,522	17,409
	Dividend paid (includes tax on dividend)	18 (1.2.5)	14,074,287	28,085
	Balance in Profit & Loss Account carried forward		244,483,275	237,664,559
	Total		**274,457,351**	**258,471,542**
VI	**Earnings Per Equity Share**	18 (1.2.3)		
	(Face value ₹2/- per share) (Rupees)			
	Basic		15.40	34.59
	Diluted		15.34	34.40
	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 S. R. Batliboi & Co. LLP
Chartered Accountants

Viren H. Mehta
Partner

Date : 26 April, 2017
Place: Mumbai

Samir K. Barua
Director

Girish V. Koliyote
Company Secretary

S. Vishvanathan
Director

Jairam Sridharan
Chief Financial Officer

Rakesh Makhija
Director

V. Srinivasan
Deputy Managing Director

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Shikha Sharma
Managing Director & CEO

CASH FLOW STATEMENT

for the year ended 31 March, 2017

(₹ in Thousands)

	Year ended 31-03-2017	Year ended 31-03-2016
Cash flow from operating activities		
Net profit before taxes	**54,675,647**	**123,937,495**
Adjustments for:		
Depreciation on fixed assets	5,087,979	4,439,115
Depreciation on investments	2,386,992	840,096
Amortisation of premium on Held to Maturity investments	1,352,848	728,575
Provision for Non Performing Assets (including bad debts)	111,570,646	38,004,587
Provision on standard assets	3,484,504	3,870,067
Provision on unhedged foreign currency exposure	(138,800)	16,200
Provision for wealth tax	-	(477)
(Profit)/loss on sale of fixed assets (net)	35,506	(62,010)
Provision for country risk	199,434	-
Provision for restructured assets/strategic debt restructuring/sustainable structuring	2,905,233	(617,811)
Provision for other contingencies	761,558	(5,014,010)
	182,321,547	**166,141,827**
Adjustments for:		
(Increase)/Decrease in investments	132,717,737	(40,177,057)
(Increase)/Decrease in advances	(444,184,140)	(613,096,568)
Increase /(Decrease) in deposits	564,112,274	355,256,234
(Increase)/Decrease in other assets	(96,324,158)	(42,394,402)
Increase/(Decrease) in other liabilities & provisions	54,110,786	25,966,969
Direct taxes paid	(50,831,209)	(43,530,801)
Net cash flow from operating activities	**341,922,837**	**(191,833,798)**
Cash flow from investing activities		
Purchase of fixed assets	(7,426,953)	(14,637,087)
(Increase)/Decrease in Held to Maturity investments	(117,857,686)	(38,854,665)
Increase in Investment in Subsidiaries	(1,167,500)	(1,190,245)
Decrease in Investment in Subsidiaries	83,658	135,000
Proceeds from sale of fixed assets	64,612	191,928
Net cash used in investing activities	**(126,303,869)**	**(54,355,069)**

CASH FLOW STATEMENT (CONT.)

(₹ in Thousands)

	Year ended 31-03-2017	Year ended 31-03-2016
Cash flow from financing activities		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	55,458,748	12,264,056
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	(90,953,843)	216,597,043
Proceeds from issue of share capital	24,409	24,620
Proceeds from share premium (net of share issue expenses)	3,256,270	3,028,823
Payment of dividend	(14,074,287)	(13,083,526)
Net cash generated from financing activities	**(46,288,703)**	**218,831,016**
Effect of exchange fluctuation translation reserve	(22,838)	(378,063)
Net increase in cash and cash equivalents	169,307,427	(27,735,914)
Cash and cash equivalents at the beginning of the year	333,254,404	360,990,318
Cash and cash equivalents at the end of the year	**502,561,831**	**333,254,404**
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)	308,579,390	223,611,495
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	193,982,441	109,642,909
Cash and cash equivalents at the end of the year	**502,561,831**	**333,254,404**
2. Amount of Corporate Social Responsibility related expenses spent during the year in cash ₹109.58 crores (previous year ₹105.10 crores)		

In terms of our report attached.

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

Viren H. Mehta
Partner

Date : 26 April, 2017
Place: Mumbai

Samir K. Barua
Director

Girish V. Koliyote
Company Secretary

S. Vishvanathan
Director

Jairam Sridharan
Chief Financial Officer

Rakesh Makhija
Director

V. Srinivasan
Deputy Managing Director

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Shikha Sharma
Managing Director & CEO

SCHEDULES

forming part of the Balance Sheet as at 31 March, 2017

Schedule 1 - Capital

(₹ in Thousands)

	As at 31-03-2017	As at 31-03-2016
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
Issued, Subscribed and Paid-up capital		
2,395,036,109 (Previous year - 2,382,831,826) Equity Shares of ₹2/- each fully paid-up	4,790,072	4,765,664

Schedule 2 - Reserves And Surplus

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	**Statutory Reserve**		
	Opening Balance	105,872,325	85,313,168
	Additions during the year	9,198,198	20,559,157
		115,070,523	**105,872,325**
II.	**Share Premium Account**		
	Opening Balance	166,769,462	163,740,639
	Additions during the year	3,256,269	3,028,823
	Less: Share issue expenses	-	-
		170,025,731	**166,769,462**
III.	**Investment Reserve Account**		
	Opening Balance	871,671	1,289,745
	Additions/(Deductions) during the year (net)	(871,671)	(418,074)
		-	**871,671**
IV.	**General Reserve**		
	Opening Balance	3,543,100	3,543,100
	Additions during the year	-	-
		3,543,100	**3,543,100**
V.	**Capital Reserve**		
	Opening Balance	11,100,655	10,480,249
	Additions during the year [Refer Schedule 18 (1.2.1)]	7,555,740	620,406
		18,656,395	**11,100,655**
VI.	**Foreign Currency Translation Reserve** [Refer Schedule 17 (5.5)]		
	Opening Balance	1,020,343	1,398,406
	Additions during the year	-	-
	Deductions during the year	(22,837)	(378,063)
		997,506	**1,020,343**
VII.	**Reserve Fund**		
	Opening Balance	41,294	23,885
	Additions/(Deductions) during the year (net) [Refer Schedule 18 (1.2.2)]	17,522	17,409
		58,816	**41,294**
VIII.	**Balance in Profit & Loss Account**	**244,483,275**	**237,664,559**
	Total	**552,835,346**	**526,883,409**

Schedule 3 - Deposits

(₹ in Thousands)

			As at 31-03-2017	As at 31-03-2016
A.	I.	Demand Deposits		
		(i) From banks	47,949,171	46,706,288
		(ii) From others	822,068,294	589,812,876
	II.	Savings Bank Deposits	1,260,482,884	1,057,931,260
	III.	Term Deposits		
		(i) From banks	112,242,565	74,025,125
		(ii) From others	1,901,044,964	1,811,200,054
		Total	**4,143,787,878**	**3,579,675,603**
B.	I.	Deposits of branches in India	4,108,878,428	3,533,429,221
	II.	Deposits of branches outside India	34,909,450	46,246,382
		Total	**4,143,787,878**	**3,579,675,603**

Schedule 4 - Borrowings

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	Borrowings in India		
	(i) Reserve Bank of India	-	93,540,000
	(ii) Other banks#	22,265,000	14,078,000
	(iii) Other institutions & agencies**	488,557,527	365,006,111
II.	Borrowings outside India$	539,486,167	613,179,678
	Total	**1,050,308,694**	**1,085,803,789**
	Secured borrowings included in I & II above	13,810,898	93,540,000

\# Borrowings from other banks include Subordinated Debt of ₹35.00 crores (previous year ₹90.10 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of Nil (previous year ₹25.00 crores) and Upper Tier II instruments of Nil (previous year ₹49.10 crores) [Also refer Note 18 (1.1.2)]

** Borrowings from other institutions & agencies include Subordinated Debt of ₹16,170.00 crores (previous year ₹12,240.70 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹3,500.00 crores (previous year ₹189.00 crores) and Upper Tier II instruments of Nil (previous year ₹258.40 crores) [Also refer Note 18 (1.1.2)]

$ Borrowings outside India include Perpetual Debt of Nil (previous year ₹304.77 crores) and Upper Tier II instruments of ₹389.06 crores (previous year ₹1,391.12 crores) [Also refer Note 18 (1.1.2)]

Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	Bills payable	39,525,431	36,453,959
II.	Inter-office adjustments (net)	-	-
III.	Interest accrued	19,614,831	25,607,530
IV.	Proposed dividend (includes tax on dividend) [Refer Schedule 18(1.2.5)]	-	-
V.	Contingent provision against standard assets	23,385,751	19,997,702
VI.	Others (including provisions)	180,428,700	119,022,540
	Total	**262,954,713**	**201,081,731**

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2017 (CONT.)

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	Cash in hand (including foreign currency notes)	63,579,154	41,204,831
II.	Balances with Reserve Bank of India		
	(i) in Current Account	183,000,236	182,406,664
	(ii) in Other Accounts	62,000,000	-
	Total	**308,579,390**	**223,611,495**

Schedule 7 - Balances with Banks and Money at Call and Short Notice

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	1,423,790	1,956,494
	(b) in Other Deposit Accounts	19,594,700	11,742,150
	(ii) Money at Call and Short Notice		
	(a) With banks	-	-
	(b) With other institutions	143,221,545	41,184,875
	Total	**164,240,035**	**54,883,519**
II.	Outside India		
	(i) in Current Accounts	9,689,155	15,425,387
	(ii) in Other Deposit Accounts	14,755,151	26,820,821
	(iii) Money at Call & Short Notice	5,298,100	12,513,182
	Total	**29,742,406**	**54,759,390**
	Grand Total (I+II)	**193,982,441**	**109,642,909**

Schedule 8 - Investments

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	**Investments in India in -**		
	(i) Government Securities[##]	905,980,625	945,608,591
	(ii) Other approved securities	-	-
	(iii) Shares	13,227,530	12,439,171
	(iv) Debentures and Bonds	264,848,859	229,119,358
	(v) Investment in Subsidiaries/Joint Ventures	10,726,865	9,559,365
	(vi) Others (Mutual Fund units, CD/CP, PTC etc.)	64,196,202	93,688,157
	Total Investments in India	**1,258,980,081**	**1,290,414,642**
II.	**Investments outside India in -**		
	(i) Government Securities (including local authorities)	24,097,852	19,765,979
	(ii) Subsidiaries and/or joint ventures abroad	2,995,712	3,185,957
	(iii) Others (Equity Shares and Bonds)	1,860,059	1,874,031
	Total Investments outside India	**28,953,623**	**24,825,967**
	Grand Total (I+II)	**1,287,933,704**	**1,315,240,609**

Includes securities costing ₹27,179.69 crores (previous year ₹29,020.93 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

Schedule 9 - Advances

(₹ in Thousands)

			As at 31-03-2017	As at 31-03-2016
A.	(i)	Bills purchased and discounted	67,496,591	47,107,156
	(ii)	Cash credits, overdrafts and loans repayable on demand @	1,042,273,019	965,580,679
	(iii)	Term loans #	2,620,923,885	2,375,049,394
	Total		**3,730,693,495**	**3,387,737,229**
B.	(i)	Secured by tangible assets $	2,840,548,136	2,548,351,778
	(ii)	Covered by Bank/Government Guarantees &&	63,995,186	38,950,273
	(iii)	Unsecured	826,150,173	800,435,178
	Total		**3,730,693,495**	**3,387,737,229**
C.	I.	Advances in India		
		(i) Priority Sector	938,737,979	816,012,439
		(ii) Public Sector	29,134,862	35,457,656
		(iii) Banks	7,233,845	3,724,685
		(iv) Others	2,273,892,697	2,032,043,809
	Total		**3,248,999,383**	**2,887,238,589**
	II.	Advances Outside India		
		(i) Due from banks	26,861,261	1,373,656
		(ii) Due from others -		
		(a) Bills purchased and discounted	25,448,317	13,220,139
		(b) Syndicated loans	91,277,687	120,042,346
		(c) Others	338,106,847	365,862,499
	Total		**481,694,112**	**500,498,640**
	Grand Total (CI+CII)		**3,730,693,495**	**3,387,737,229**

@ Net of borrowings under Inter Bank Participation Certificate/Funded Risk Participation Nil (previous year ₹662.55 crores)
# Net of borrowings under Inter Bank Participation Certificate Nil (previous year ₹7,483.34 crores).
$ Includes advances against book debts
&& Includes advances against L/Cs issued by banks

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2017 (CONT.)

Schedule 10 - Fixed Assets

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	**Premises**		
	Gross Block		
	At cost at the beginning of the year	18,289,466	9,506,571
	Additions during the year	41,517	8,800,025
	Deductions during the year	-	(17,130)
	Total	**18,330,983**	**18,289,466**
	Depreciation		
	As at the beginning of the year	860,678	708,708
	Charge for the year	304,676	158,678
	Deductions during the year	-	(6,708)
	Depreciation to date	**1,165,354**	**860,678**
	Net Block	**17,165,629**	**17,428,788**
II.	**Other fixed assets (including furniture & fixtures)**		
	Gross Block		
	At cost at the beginning of the year	39,665,948	35,463,482
	Additions during the year	6,645,577	4,779,949
	Deductions during the year	(514,919)	(577,483)
	Total	**45,796,606**	**39,665,948**
	Depreciation		
	As at the beginning of the year	23,932,741	20,130,851
	Charge for the year	4,783,303	4,280,437
	Deductions during the year	(413,152)	(478,547)
	Depreciation to date	28,302,892	23,932,741
	Net Block	**17,493,714**	**15,733,207**
III.	**Capital Work-In-Progress (including capital advances)**	2,809,582	2,069,724
	Grand Total (I+II+III)	**37,468,925**	**35,231,719**

Schedule 11 - Other Assets

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	Inter-office adjustments (net)	-	-
II.	Interest Accrued	52,440,280	43,874,709
III.	Tax paid in advance/tax deducted at source (net of provisions)	4,101,192	3,158,993
IV.	Stationery and stamps	19,790	8,291
V.	Non banking assets acquired in satisfaction of claims	22,086,151	-
VI.	Others #@	377,371,335	279,704,242
	Total	**456,018,748**	**326,746,235**

Includes deferred tax assets of ₹5,062.19 crores (previous year ₹1,958.79 crores) [Refer Schedule 18 (1.2.10)]
@ Includes Priority Sector Shortfall Deposits of ₹17,107.12 crores (previous year ₹16,659.19 crores)

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	Claims against the Bank not acknowledged as debts	4,702,440	2,634,701
II.	Liability for partly paid investments	-	-
III.	Liability on account of outstanding forward exchange and derivative contracts:		
	a) Forward Contracts	2,681,952,183	2,556,675,471
	b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	2,011,141,718	1,796,648,784
	c) Foreign Currency Options	493,833,247	429,005,192
	Total (a+b+c)	**5,186,927,148**	**4,782,329,447**
IV.	Guarantees given on behalf of constituents		
	In India	763,736,463	558,340,064
	Outside India	47,579,859	128,192,798
V.	Acceptances, endorsements and other obligations	335,366,639	294,853,158
VI.	Other items for which the Bank is contingently liable	357,945,893	408,113,397
	Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (1.2.15)]	**6,696,258,442**	**6,174,463,565**

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2017

Schedule 13 - Interest Earned

(₹ in Thousands)

		Year ended 31-03-2017	Year ended 31-03-2016
I.	Interest/discount on advances/bills	331,249,593	300,405,581
II.	Income on investments	96,228,239	93,775,869
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	5,038,389	2,952,470
IV.	Others	12,905,358	12,746,444
	Total	**445,421,579**	**409,880,364**

Schedule 14 - Other Income

(₹ in Thousands)

		Year ended 31-03-2017	Year ended 31-03-2016
I.	Commission, exchange and brokerage	70,283,094	67,075,650
II.	Profit/(Loss) on sale of investments (net) [Refer Schedule 18(1.2.1)]	31,737,897	10,186,480
III.	Profit/(Loss) on sale of fixed assets (net) [Refer Schedule 18(1.2.1)]	(35,506)	62,010
IV.	Profit on exchange/derivative transactions (net)	10,802,458	12,750,694
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	1,832,842	1,397,525
VI.	Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years ₹181.89 crores (previous year ₹160.49 crores) and net profit on account of portfolio sell downs/ securitisation ₹3.79 crores (previous year ₹6.12 crores)]	2,292,322	2,242,285
	Total	**116,913,107**	**93,714,644**

Schedule 15 - Interest Expended

(₹ in Thousands)

		Year ended 31-03-2017	Year ended 31-03-2016
I.	Interest on deposits	196,396,260	185,402,135
II.	Interest on Reserve Bank of India/Inter-bank borrowings	18,358,479	20,672,680
III.	Others	49,735,681	35,475,860
	Total	**264,490,420**	**241,550,675**

Schedule 16 - Operating Expenses

(₹ in Thousands)

		Year ended 31-03-2017	Year ended 31-03-2016
I.	Payments to and provisions for employees	38,918,640	33,760,064
II.	Rent, taxes and lighting	9,345,921	6,740,961
III.	Printing and stationery	1,860,164	1,383,908
IV.	Advertisement and publicity	1,303,362	883,416
V.	Depreciation on bank's property	5,087,979	4,439,115
VI.	Directors' fees, allowance and expenses	24,668	21,146
VII.	Auditors' fees and expenses	17,976	16,411
VIII.	Law charges	109,057	170,562
IX.	Postage, telegrams, telephones etc.	3,040,845	2,579,313
X.	Repairs and maintenance	8,565,421	7,142,770
XI.	Insurance	5,014,831	4,154,531
XII.	Other expenditure	48,710,189	39,715,989
	Total	**121,999,053**	**101,008,186**

17. SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March, 2017

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 Changes in accounting policies

4.1 Mark-to-market gain or loss on derivatives and foreign exchange contracts

In terms the guidance note issued by ICAI on "Accounting for Derivative Contracts", the Bank has presented mark-to-market gain or loss on derivatives and foreign exchange contracts on a gross basis as against the erstwhile practice of presenting the same on a net basis under other assets and other liabilities. Previous year figures have been regrouped and reclassified to conform to current year's classification. The aforesaid change has no impact on the profit of the Bank for the year ended 31 March, 2017.

4.2 Repurchase and reverse repurchase transactions with RBI under Liquidity Adjustment Facility/ Marginal Standing Facility

In terms of RBI circular no. FMRD.DIRD.10/14.03.002/2015-16 dated 19 May, 2016, repurchase and reverse repurchase transactions with RBI under Liquidity Adjustment Facility/Marginal Standing Facility are accounted for as borrowing and lending respectively as against the earlier practice of including the same under investments. Previous year figures have been regrouped and reclassified to conform to current year's classification. The aforesaid change has no impact on the profit of the Bank for the year ended 31 March, 2017.

5 Significant accounting policies

5.1 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.

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

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

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

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

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

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

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

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

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

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

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

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose;
- in case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at Re 1 per company;
- units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are marked to market based on the Net Asset Value ('NAV') shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at Re 1 per VCF. Investment in unquoted VCF after 23 August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines 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 including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending 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 and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

5.2 Advances

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs, provisions in lieu of diminution in the fair value of restructured assets and floating provisions.

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations.

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

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines.

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

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 (SDR) scheme and Scheme for Sustainable Structuring of Stressed Asset (S4A).

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.)

5.3 Country risk

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

5.4 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.

5.5 Foreign currency transactions

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

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

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

5.6 Derivative transactions

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark to Market) and in other liabilities (representing negative Mark to Market (MTM)) on a gross basis. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. 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.

5.7 Revenue recognition

Interest income is recognised on an accrual basis in accordance with AS–9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines, except in the case of interest income on non-performing assets and loans under Strategic Debt Restructuring (SDR) scheme and Scheme for Sustainable Structuring of Stressed Asset (S4A) of RBI, where it is recognised on receipt basis if overdue for more than 90 days. Income on non-coupon bearing discounted instruments or low-coupon bearing instruments is recognised over the tenor of the instrument on a constant yield basis.

Guarantee commission is recognized on a pro-rata basis over the period of the guarantee. Locker rent and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due.

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.

5.8 Fixed assets and depreciation/impairment

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

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

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets, 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 (net of taxes and transfer to statutory reserve) in accordance with RBI instructions.

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

5.9 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.

5.10 Retirement and other employee benefits

Provident Fund

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due 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.

5.11 Reward points

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

5.12 Taxation

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of 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 assets against liabilities representing current tax and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

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

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

5.13 Share issue expenses

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

5.14 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 except where the results are anti-dilutive.

5.15 Employee stock option scheme

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the 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.

5.16 Provisions, contingent liabilities and contingent assets

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

A disclosure of contingent liability is made when there is:

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

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

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

5.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

18. NOTES

forming part of the financial statements for the year ended 31 March, 2017

(Currency: In Indian Rupees)

1.1 Statutory disclosures as per RBI

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

(₹ in crores)

For the year ended	31 March, 2017	31 March, 2016
Provision for income tax		
- Current tax	4,988.90	4,241.96
- Deferred tax (Refer 1.2.10)	(3,200.62)	(71.87)
	1,788.28	**4,170.09**
Provision for wealth tax	-	(0.05)
Provision for non-performing assets (including bad debts written off and write backs)	11,157.06	3,800.46
Provision for restructured assets/strategic debt restructuring/sustainable structuring	290.53	(61.78)
Provision towards standard assets	348.45	387.00
Provision for depreciation in value of investments	238.70	84.01
Provision for unhedged foreign currency exposure	(13.88)	1.62
Provision for country risk	19.94	-
Provision for other contingencies*	76.16	(501.40)
Total	**13,905.24**	**7,879.95**

* includes contingent provision for advances/other exposures, legal cases and other contingencies

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Common Equity Tier I	52,555.81	50,409.23
Tier I	56,039.32	50,517.51
Tier II	14,565.85	11,231.79
Total capital	**70,605.17**	**61,749.30**
Total risk weighted assets and contingents	472,313.18	403,949.18
Capital ratios		
Common Equity Tier I	11.13%	12.48%
Tier I	11.87%	12.51%
Tier II	3.08%	2.78%
CRAR	**14.95%**	**15.29%**
Amount of equity capital raised	**-**	**-**
Amount of additional Tier I capital raised of which:		
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI) (details given below)	3,500.00	-
Amount of Tier II capital raised of which:		
Debt capital instrument (details given below)	4,230.00	1,500.00
Preferential capital instrument	-	-

During the year ended 31 March, 2017, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Perpetual debt	Additional Tier-I	-*	-	8.75%	₹3,500 crores
Subordinated debt	Tier-II	27 May, 2026	120 months	8.50%	₹2,430 crores
Subordinated debt	Tier-II	23 November, 2026	120 months	7.84%	₹1,800 crores

*Call option on expiry of 60 months from the date of allotment

During the year ended 31 March, 2016, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	30 September, 2025	120 months	8.50%	₹1,500 crores

During the year ended 31 March, 2017, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	28 June, 2016	120 months	9.10%	₹104.90 crores
Upper Tier-II	Tier-II	11 August, 2016*	180 months	7.25%	$150 million
Perpetual debt	Tier-I	30 September, 2016*	-	10.05%	₹214.00 crores
Perpetual debt	Tier-I	16 November, 2016*	-	7.17%	$46 million
Upper Tier-II	Tier-II	24 November, 2016*	180 months	9.35%	₹200.00 crores
Upper Tier-II	Tier-II	6 February, 2017*	180 months	9.50%	₹107.50 crores
Subordinated debt	Tier-II	30 March, 2017	120 months	10.10%	₹250.90 crores

* represents call date

During the year ended 31 March, 2016, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	22 March, 2016	120 months	8.75%	₹360 crores
Subordinated debt	Tier-II	22 March, 2016	120 months	8.56%	₹10 crores

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

As at	31 March, 2017 %	31 March, 2016 %
Interest income as a percentage to working funds#	7.88	8.59
Non-interest income as a percentage to working funds#	2.07	1.96
Operating profit as a percentage to working funds#	3.11	3.38
Return on assets (based on working funds#)	0.65	1.72
Business (deposits less inter-bank deposits plus advances) per employee**	₹14.00 crores	₹14.84 crores
Profit per employee**	₹0.07 crores	₹0.18 crores
Net non-performing assets as a percentage of net customer assets *	2.11	0.70

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

* Net Customer assets include advances and credit substitutes

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

NOTES (CONT.)

1.1.4 The provisioning coverage ratio of the Bank computed in terms of the RBI guidelines as on 31 March, 2017 was 64.79% (previous year 72.27%).

1.1.5 Asset Quality

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

	31 March, 2017 %	31 March, 2016 %
Net non-performing advances as a percentage of net advances	2.27	0.74

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

(₹ in crores)

	31 March, 2017			
	Advances	Investments	Others*	Total
Gross NPAs as at the beginning of the year	5,848.48	239.03	-	6,087.51
Intra Category Transfer	(42.23)	45.69	(3.46)	-
Additions (fresh NPAs) during the year	19,857.84	1,920.49	3.46	21,781.79
Sub-total (A)	**25,664.09**	**2,205.21**	**-**	**27,869.30**
Less:-				
(i) Upgradations	1,806.53	559.25	-	2,365.78
(ii) Recoveries (excluding recoveries made from upgraded accounts)#	1,824.79	176.16	-	2,000.95
(iii) Technical/Prudential Write-offs	469.01	35.00	-	504.01
(iv) Write-offs other than those under (iii) above#	1,518.10	199.98	-	1,718.08
Sub-total (B)	**5,618.43**	**970.39**	**-**	**6,588.82**
Gross NPAs as at the end of the year (A-B)	**20,045.66**	**1,234.82**	**-**	**21,280.48**

* represents amount outstanding under application money classified as non-performing asset
\# including sale of NPAs

(₹ 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
Sub-total (A)	**11,108.05**	**309.54**	**37.16**	**11,454.75**
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
Sub-total (B)	**5,259.57**	**70.51**	**37.16**	**5,367.24**
Gross NPAs as at the end of the year (A-B)	**5,848.48**	**239.03**	**-**	**6,087.51**

* represents amount outstanding under application money classified as non-performing asset
\# including sale of NPAs

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

(₹ in crores)

	31 March, 2017			
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	2,518.59	3.55	-	2,522.14
Additions during the year	10,000.70	1,138.60	-	11,139.30
Effect of exchange rate fluctuation	90.11	(0.64)	-	89.47
Reductions during the year	(3,977.46)	(870.69)	-	(4,848.15)
Interest Capitalisation – Restructured NPA Accounts	(144.74)	(131.47)	-	(276.21)
Closing balance at the end of the year#	**8,487.20**	**139.35**	**-**	**8,626.55**

net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹448.21 crores

(₹ 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)
Closing balance at the end of the year#	**2,518.59**	**3.55**	**-**	**2,522.14**

net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹172.00 crores

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

(₹ in crores)

	31 March, 2017			
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	3,160.96	232.41	-	3,393.37
Intra-Category Transfer	(42.23)	45.69	(3.46)	-
Provisions made during the year	9,798.09	781.89	3.46	10,583.44
Effect of exchange rate fluctuation	(90.11)	0.64	-	(89.47)
Transfer from restructuring provision	59.05	-	-	59.05
Write-offs/(write back) of excess provision*	(1,640.97)	(99.70)	-	(1,740.67)
Closing balance at the end of the year	**11,244.79**	**960.93**	**-**	**12,205.72**

* includes provision utilised for sale of NPAs amounting to ₹964.16 crores

(₹ 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)
Closing balance at the end of the year	**3,160.96**	**232.41**	**-**	**3,393.37**

* includes provision utilised for sale of NPAs amounting to ₹498.62 crores

NOTES (CONT.)

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Opening balance at the beginning of the year	3,627.15	2,255.57
Add: Technical/Prudential write-offs during the year*	504.01	1,534.01
Sub-total (A)	**4,131.16**	**3,789.58**
Less: Recovery made from previously technical/prudential written-off accounts during the year	339.29	113.87
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	570.79	48.56
Sub-total (B)	**910.08**	**162.43**
Closing balance at the end of the year (A-B)	**3,221.08**	**3,627.15**

* includes effect of exchange fluctuation for foreign currency loans written off in earlier years.

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Total exposure to top four NPA accounts	**4,983.87**	**1,121.06**

vii) Sector-wise advances:

(₹ in crores)

Sr. No.	Sector	31 March, 2017			31 March, 2016		
		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
A	**Priority Sector**						
1	Agriculture and allied activities	25,882.66	840.48	3.25%	22,846.55	557.71	2.44%
2	Advances to industries sector eligible as priority sector lending	20,301.02	630.46	3.11%	17,236.22	302.01	1.75%
	- *Basic Metal & Metal Products*	*1,824.25*	*54.36*	*2.98%*	*1,656.87*	*43.17*	*2.61%*
	- *Infrastructure*	*549.17*	*21.95*	*4.00%*	*646.23*	*15.43*	*2.39%*
3	Services	15,904.56	428.02	2.69%	15,318.79	271.96	1.78%
	- *Professional services*	*725.40*	*9.61*	*1.32%*	-*	-*	-*
	- *Banking and Finance other than NBFCs and MFs*	*3,496.52*	*107.06*	*3.06%*	*3,452.87*	*94.78*	*2.74%*
	- *Non-banking financial companies (NBFCs)*	*1,799.13*	-	-	-*	-*	-*
	- *Commercial Real Estate*	*226.52*	*6.80*	*3.00%*	*268.85*	*6.55*	*2.44%*
	- *Trade*	*7,554.33*	*264.74*	*3.50%*	*7,784.33*	*144.25*	*1.85%*
4	Personal loans	32,903.26	250.29	0.76%	26,964.96	175.91	0.65%
	- *Consumer Durables*	*3,801.88*	*26.00*	*0.68%*	-*	-*	-*
	- *Housing*	*23,173.31*	*123.54*	*0.53%*	*23,620.65*	*90.73*	*0.38%*
	Sub-total (A)	94,991.50	2,149.25	2.26%	82,366.52	1,307.59	1.59%

(₹ in crores)

Sr. No.	Sector	31 March, 2017			31 March, 2016		
		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	**Non Priority Sector**						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	**124,556.99**	**13,294.97**	**10.67%**	**123,016.88**	**2,817.80**	**2.29%**
	- *Basic Metal & Metal Products*	*23,650.81*	*4,103.34*	*17.35%*	*18,637.41*	*172.80*	*0.93%*
	- *Infrastructure*	*42,621.62*	*3,405.53*	*7.99%*	*47,196.13*	*917.46*	*1.94%*
3	Services	**67,039.50**	**3,688.76**	**5.50%**	**54,104.27**	**1,143.99**	**2.11%**
	- *Professional services*	*7,719.71*	*1,594.60*	*20.66%*	-*	-*	-*
	- *Banking and Finance other than NBFCs and MFs*	*11,525.80*	-	-	*6,448.59*	-	-
	- *Non-banking financial companies (NBFCs)*	*8,762.60*	-	-	-*	-*	-*
	- *Commercial Real Estate*	*14,022.35*	*562.33*	*4.01%*	*15,302.23*	*143.79*	*0.94%*
	- *Trade*	*11,167.65*	*332.71*	*2.98%*	*10,380.73*	*390.22*	*3.76%*
4	Personal loans	**98,135.43**	**912.68**	**0.93%**	**82,824.28**	**579.10**	**0.70%**
	- *Consumer Durables*	*9,712.81*	*64.05*	*0.66%*	-*	-*	-*
	- *Housing*	*51,647.93*	*370.73*	*0.72%*	*40,266.78*	*214.97*	*0.53%*
	Sub-total (B)	**289,731.92**	**17,896.41**	**6.18%**	**259,945.43**	**4,540.89**	**1.75%**
	Total (A+B)	**384,723.42**	**20,045.66**	**5.21%**	**342,311.95**	**5,848.48**	**1.71%**

Classification of advances into sector is based on Sector wise Industry Bank Credit return submitted to RBI
Figures in italics represent sub-sectors where the outstanding advance exceeds 10% of total outstanding advance to that sector.
* does not exceed 10% of total advances to sector as on 31st March

viii) Divergence in Asset Classification and Provisioning for NPAs

- The Bank classifies advances into performing and non-performing advances (NPAs) as per the RBI guidelines. NPAs are identified and provided for based on RBI's Prudential Norms on Income Recognition, Asset Classification and Provisioning.
- Based on application of RBI's prudential norms as stated above, the Bank classified and made the prescribed provisions against the NPAs as at the end of 31 March, 2016.
- As part of its Risk Based Supervision exercise for FY 2015-16 completed in Q3 FY 2016-17, the RBI pointed out certain modifications in the Banks' asset classification and provisioning as detailed in the table below:

Sr. No.	Particulars	(₹ in crores)
1	Gross NPAs as on 31 March, 2016, as reported by the Bank	6,087.51
2	Gross NPAs as on 31 March, 2016, as assessed by RBI	15,565.41
3	**Divergence in Gross NPAs (2-1)**	**9,477.90**
4	Net NPAs as on 31 March, 2016, as reported by the Bank	2,522.14
5	Net NPAs as on 31 March, 2016, as assessed by RBI	9,685.24
6	**Divergence in Net NPAs (5-4)**	**7,163.10**
7	Provisions for NPAs as on 31 March, 2016, as reported by the Bank	3,393.37
8	Provisions for NPAs as on 31 March, 2016, as assessed by RBI	5,708.17
9	**Divergence in provisioning (8-7)**	**2,314.80**
10	**Reported Net Profit after Tax (PAT) for the year ended 31 March, 2016**	**8,223.66**
11	**Adjusted (notional) Net Profit after Tax (PAT) for the year ended 31 March, 2016 after taking into account the divergence in provisioning**	**6,687.79**

NOTES (CONT.)

- The Bank has duly considered the impact of the above in the Financial Statements for the year ended 31 March, 2017.
- Of the above:
  - Based on operations in the borrower accounts subsequent to 31 March, 2016, accounts with value of ₹5,260 crores were recognized as NPAs in Q1 and Q2 of FY 2016-17, prior to the Risk Based Supervision exercise for 2016.
  - Based on operations in the borrower accounts subsequent to 31 March, 2016, accounts with value of ₹1,811 crores were recognized as NPA in Q3 of FY 2016-17.
  - The balance accounts with value of ₹2,408 crores continued to remain standard as on 31 March, 2017 upon resolution of irregularity in those accounts.

1.1.6 During the years ended 31 March, 2017 and 31 March, 2016; 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.

1.1.7 Movement in floating provision is set out below:

(₹ in crores)

For the year ended	31 March, 2017	31 March, 2016
Opening balance at the beginning of the year	3.25	3.25
Provisions made during the year	-	-
Draw down made during the year	-	-
Closing balance at the end of the year	**3.25**	**3.25**

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

1.1.8 Provision on Standard Assets

(₹ in crores)

	31 March, 2017	31 March, 2016
Provision towards Standard Assets [includes ₹37.60 crores (previous year ₹21.54 crores) of standard provision on derivative exposures]	2,338.58	1,999.77

1.1.9 Details of Investments are set out below:

i) Value of Investments:

(₹ in crores)

			31 March, 2017	31 March, 2016
1)	Gross value of Investments			
	a)	In India	127,248.79	129,491.14
	b)	Outside India	2,915.37	2,487.95
2)	(i)	Provision for Depreciation		
		a) In India	(409.86)	(222.62)
		b) Outside India	-	-
	(ii)	Provision for Non-Performing Investments		
		a) In India	(940.93)	(227.06)
		b) Outside India	(20.00)	(5.35)
3)	Net value of Investments			
	a)	In India	125,898.00	129,041.46
	b)	Outside India	2,895.37	2,482.60

ii) Movement of provisions held towards depreciation on investments:

(₹ in crores)

	31 March, 2017	31 March, 2016
Opening balance	222.62	72.34
Add: Provisions made during the year	316.19	150.28
Less: Write offs/write back of excess provisions during the year	(128.95)	-
Closing balance	**409.86**	**222.62**

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

(₹ in crores)

As at		31 March, 2017	31 March, 2016
A.	**Exposure to Real Estate Sector**		
1)	Direct Exposure		
	(i) Residential mortgages	88,332.95	74,755.77
	- of which housing loans eligible for inclusion in priority sector advances	23,505.73	20,953.54
	(ii) Commercial real estate	25,330.23	25,240.95
	(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)	11,680.20	12,343.91
	Total Exposure to Real Estate Sector	**125,418.38**	**112,415.63**
B.	**Exposure to Capital Market**		
1.	Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt*	1,429.31	1,265.62
2.	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	2.94	1.94
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	1,346.70	1,189.02
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	4,336.97	4,458.99
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	5,104.61	4,556.62
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	0.19	12.59
7.	Bridge loans to companies against expected equity flows/issues	25.20	2.23
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)	26.77	88.10
	Total exposure to Capital Market (Total of 1 to 10)	**12,272.69**	**11,575.11**

* excludes investment in equity shares on account of conversion of debt into equity as part of Strategic Debt Restructuring [including application money ₹67.29 crores, (previous year Nil)] amounting to ₹812.88 crores for the year ended 31 March, 2017 (previous year ₹27.22 crores) which are exempted from exposure to Capital Market

NOTES (CONT.)

1.1.11 As on 31 March, 2017, outstanding receivables acquired by the Bank under factoring stood at ₹7.10 crores (previous year ₹12.95 crores) which are reported under 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet.

1.1.12 During the years ended 31 March, 2017 and 31 March, 2016 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.

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

i) Issuer composition as at 31 March, 2017 of non-SLR investments*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	8,587.03	7,533.92	175.50	-	6.50
ii.	Financial Institutions	5,901.15	4,247.55	0.30	-	3,907.07
iii.	Banks	2,421.00	1,582.35	102.84	-	-
iv.	Private Corporates	17,210.48	14,451.99	1,353.11	751.31	3,951.72
v.	Subsidiaries	1,429.44	1,429.44	-	-	1,372.26
vi.	Others	4,017.00	2,210.18	-	-	2,382.22
vii.	Provision held towards depreciation on investments	(409.86)				
viii	Provision held towards non performing investments	(960.93)				
	Total	**38,195.31**	**31,455.43**	**1,631.75**	**751.31**	**11,619.77**

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

Issuer composition as at 31 March, 2016 of non-SLR investments*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	4,506.81	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)				
	Total	**36,963.21**	**29,144.39**	**3,435.24**	**750.21**	**13,980.49**

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

* excludes investments in non-SLR government securities amounting to ₹604.04 crores (previous year ₹1,017.83 crores)

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Opening balance	239.03	243.28
Additions during the year	1,966.18	66.26
Reductions during the year	(970.39)	(70.51)
Closing balance	1,234.82	239.03
Total provisions held	**960.93**	**232.41**

1.1.14 Details of securities sold/purchased (in face value terms) during the years ended 31 March, 2017 and 31 March, 2016 under repos/reverse repos including LAF and MSF transactions:

Year ended 31 March, 2017 *(₹ in crores)*

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2017
Securities sold under repos				
i. Government Securities	-	31,372.78	8,220.60	44.46
ii. Corporate debt Securities	-	1,365.00	844.78	1,365.00
Securities purchased under reverse repos				
i. Government Securities	-	23,260.41	5,063.20	19,140.39
ii. Corporate debt Securities	-	-	-	-

There have been no defaults in making the same set of securities available at the time of 2nd leg settlement of the Term Reverse Repo during the year ended 31 March, 2017.

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	-	14,252.16	6,711.29	9,728.16
ii. Corporate debt Securities	-	580.00	198.40	-
Securities purchased under reverse repos				
i. Government Securities	-	15,856.59	1,944.46	3,938.23
ii. Corporate debt Securities	-	25.00	0.07	-

There have been no defaults in making the same set of securities available at the time of 2nd leg settlement of the Term Reverse Repo during the year ended 31 March, 2016.

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Number of accounts*	39	7
Aggregate value (net of provisions) of accounts sold	2,960.40	1,676.24
Aggregate consideration#	2,475.58	764.75
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain/(loss) over net book value	(484.82)	(911.49)

* Excludes 15 accounts already written-off (previous year 1 account)

Value of security receipts received as a part of the consideration has been initially recognised at lower of net book value of the financial asset/ redemption value of the security receipts as per RBI guidelines

NOTES (CONT.)

In accordance with the RBI guidelines on sale of NPAs, banks have the dispensation of amortising the shortfall on sale of NPAs to Securitisation/Reconstruction companies, if the sale value is lower than the net book value, over the period specified therein. The Bank has not amortised any such shortfall arising during the years ended 31 March, 2017 and 31 March, 2016.

(₹ in crores)

	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	
Particulars	**As on 31 March, 2017**	**As on 31 March, 2016**	**As on 31 March, 2017**	**As on 31 March, 2016**	**As on 31 March, 2017**	**As on 31 March, 2016**
Book value of investments in security receipts	1,517.76*	791.01*	7.68	9.36	1,525.44	800.37

* excludes application money of ₹1,420.35 crores (previous year ₹85.00 crores)

1.1.16 During the years ended 31 March, 2017 and 31 March, 2016 there were no Non-Performing Financial Assets purchased/ sold by the Bank from/to other banks (excluding securitisation/reconstruction companies).

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

(₹ in crores)

Sr. No.	Particulars	31 March, 2017	31 March, 2016
1	No. of SPVs sponsored by the bank for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the Bank	-	-
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

1.1.18 The information on concentration of deposits is given below:

(₹ in crores)

	31 March, 2017	31 March, 2016
Total deposits of twenty largest depositors	48,081.76	39,023.06
Percentage of deposits of twenty largest depositors to total deposits	11.60	10.90

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Total advances to twenty largest borrowers	65,055.41	53,902.14
Percentage of advances to twenty largest borrowers to total advances of the Bank	11.13	10.21

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

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Total exposure to twenty largest borrowers/customers	83,229.90	71,942.91
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	13.06	12.41

* 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

1.1.21 During the years ended 31 March, 2017 and 31 March, 2016, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

1.1.22 Details of Risk Category wise Country Exposure:

(₹ in crores)

Risk Category	Exposure (Net) as at 31 March, 2017	Provision Held as at 31 March, 2017	Exposure (Net) as at 31 March, 2016	Provision Held as at 31 March, 2016
Insignificant	-	-	-	-
Low	29,144.84	19.94	23,210.36	-
Moderate	2,301.13	-	1,605.58	-
High	4,014.89	-	2,804.75	-
Very High	338.60	-	1,212.24	-
Restricted	0.33	-	0.68	-
Off-Credit	-	-	-	-
Total	**35,799.79**	**19.94**	**28,833.61**	**-**

NOTES (CONT.)

1.1.23 A maturity pattern of certain items of assets and liabilities at 31 March, 2017 and 31 March, 2016 is set out below:

Year ended 31 March, 2017 *(₹ in crores)*

	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	5,561.09	4,738.06	19,038.68	-	232.94	4,682.66
2 days to 7 days	16,154.59	2,942.50	4,119.70	830.97	1,512.44	1,579.19
8 days to 14 days	8,619.31	2,478.10	2,055.69	828.21	1,036.04	976.21
15 days to 30 days	12,706.72	11,382.78	2,776.60	3,429.24	3,547.41	6,458.97
31 days and upto 2 months	18,899.18	7,713.50	4,002.32	5,050.40	3,810.04	2,795.53
Over 2 months and upto 3 months	19,690.06	10,255.26	4,064.54	8,052.01	6,287.42	5,314.49
Over 3 months and upto 6 months	44,667.08	19,616.97	8,436.47	16,414.12	13,001.27	5,926.14
Over 6 months and upto 1 year	67,157.22	23,819.76	14,808.47	19,888.78	20,226.83	8,953.44
Over 1 year and upto 3 years	32,840.70	65,017.59	13,601.13	10,573.26	6,442.15	12,164.41
Over 3 years and upto 5 years	7,036.47	48,160.05	6,943.49	16,806.09	10,226.33	7,933.38
Over 5 years	181,046.37	176,944.78	48,946.28	23,157.79	3,188.15	12,759.54
Total	**4,14,378.79**	**373,069.35**	**128,793.37**	**105,030.87**	**69,511.02**	**69,543.96**

Year ended 31 March, 2016 *(₹ in crores)*

	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	13,561.42	9,389.75	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	12,567.01	15,258.95
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
Total	**357,967.56**	**338,773.72**	**131,524.06**	**108,580.38**	**87,359.33**	**86,446.30**

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.

1.1.24 Disclosure on Restructured Assets

Details of loans subjected to restructuring during the year ended 31 March, 2017 are given below:

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	37	-	10	6	53	-	-	-	-	-
	Amount Outstanding – Restructured facility	3,522.19	-	601.54	97.88	4,221.61	-	-	-	-	-
	Amount Outstanding – Other facility	1,170.57	-	48.63	26.64	1,245.84	-	-	-	-	-
	Provision thereon	122.50	-	27.10	-	149.60	-	-	-	-	-
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	(365.88)	-	0.75	(0.03)	(365.16)	-	-	-	-	-
	Amount Outstanding – Other facility	44.51	-	0.01	-	44.52	-	-	-	-	-
	Provision thereon	(39.55)	-	(16.67)	-	(56.22)	-	-	-	-	-
Fresh Restructuring during the year [1,2]	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	60.55	-	-	-	60.55	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(7)				(7)	-				-
	Amount Outstanding – Restructured facility	(311.73)				(311.73)	-				-
	Amount Outstanding – Other facility	(28.33)				(28.33)	-				-
	Provision thereon	(7.81)				(7.81)	-				-
Downgradation of restructured accounts during the FY [3]	No. of borrowers	(15)	-	12	5	2	-	-	-	-	-
	Amount Outstanding – Restructured facility	(1,567.82)	-	1,444.96	339.06	216.20	-	-	-	-	-
	Amount Outstanding – Other facility	(682.50)	-	401.62	302.57	21.69	-	-	-	-	-
	Provision thereon	(38.47)	-	38.46	-	(0.01)	-	-	-	-	-
Write-offs of restructured accounts during the FY [4,5,6]	No. of borrowers	-	-	(6)	(2)	(8)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(177.66)	-	(501.07)	(18.08)	(696.81)	-	-	-	-	-
	Amount Outstanding – Other facility	(122.85)	-	(91.93)	(0.66)	(215.44)	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	15	-	16	9	40	-	-	-	-	-
	Amount Outstanding – Restructured facility	1,099.10	-	1,546.18	418.83	3,064.11	-	-	-	-	-
	Amount Outstanding – Other facility	441.95	-	358.33	328.55	1,128.83	-	-	-	-	-
	Provision thereon	36.67	-	48.89	-	85.56	-	-	-	-	-

NOTES (CONT.)

(₹ 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	821	1	281	31	1,134	858	1	291	37	1,187
	Amount Outstanding – Restructured facility	5,211.23	0.04	785.07	68.48	6,064.82	8,733.42	0.04	1,386.61	166.36	10,286.43
	Amount Outstanding – Other facility	1,216.63	-	123.10	10.88	1,350.61	2,387.20	-	171.73	37.52	2,596.45
	Provision thereon	61.51	-	17.20	-	78.71	184.01	-	44.30	-	228.31
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	35.18	-	(0.43)	0.03	34.78	(330.70)	-	0.32	-	(330.38)
	Amount Outstanding – Other facility	429.67	0.01	(0.12)	0.01	429.57	474.18	0.01	(0.11)	0.01	474.09
	Provision thereon	(15.94)	-	(13.39)	-	(29.33)	(55.49)	-	(30.06)	-	(85.55)
Fresh Restructuring during the year[1,2]	No. of borrowers	43	2	1	-	46	43	2	1	-	46
	Amount Outstanding – Restructured facility	597.63	417.73	33.59	-	1,048.95	597.63	417.73	33.59	-	1,048.95
	Amount Outstanding – Other facility	161.56	-	0.01	-	161.57	222.11	-	0.01	-	222.12
	Provision thereon	-	22.03	0.56	-	22.59	-	22.03	0.56	-	22.59
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(225)				(225)	(232)				(232)
	Amount Outstanding – Restructured facility	(349.16)				(349.16)	(660.89)				(660.89)
	Amount Outstanding – Other facility	(171.75)				(171.75)	(200.08)				(200.08)
	Provision thereon	-				-	(7.81)				(7.81)
Downgradation of restructured accounts during the FY[3]	No. of borrowers	(203)	-	165	67	29	(218)	-	177	72	31
	Amount Outstanding – Restructured facility	(821.74)	(0.03)	208.83	646.91	33.97	(2,389.56)	(0.03)	1,653.79	985.97	250.17
	Amount Outstanding – Other facility	(335.61)	0.03	43.68	292.11	0.21	(1,018.11)	0.03	445.30	594.68	21.90
	Provision thereon	(6.43)	-	6.43	-	-	(44.90)	-	44.89	-	(0.01)
Write-offs of restructured accounts during the FY[4,5,6]	No. of borrowers	(86)	-	(74)	(7)	(167)	(86)	-	(80)	(9)	(175)
	Amount Outstanding – Restructured facility	(150.22)	-	(298.39)	(22.29)	(470.90)	(327.88)	-	(799.46)	(40.37)	(1,167.71)
	Amount Outstanding – Other facility	(41.03)	-	(11.11)	(0.18)	(52.32)	(163.88)	-	(103.04)	(0.84)	(267.76)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	350	3	373	91	817	365	3	389	100	857
	Amount Outstanding – Restructured facility	4,522.92	417.74	728.67	693.13	6,362.46	5,622.02	417.74	2,274.85	1,111.96	9,426.57
	Amount Outstanding – Other facility	1,259.47	0.04	155.56	302.82	1,717.89	1,701.42	0.04	513.89	631.37	2,846.72
	Provision thereon	39.14	22.03	10.80	-	71.97	75.81	22.03	59.69	-	157.53

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2017:

1. Amount reported here represents outstanding as on 31 March, 2017. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹1,001.35 crores for the FY 2016-17

2. Includes ₹213.53 crores of fresh/additional sanction to existing restructured accounts (₹3.56 crores under restructured facility and ₹209.97 crores under other facility)

3. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY

4. Includes accounts partially written-off during the year

5. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books

6. Includes ₹881.83 crores of reduction from existing restructured accounts by way of sale/recovery (₹716.59 crores from restructured facility and ₹165.24 crores from other facility)

7. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalization account upto 31 March, 2017 aggregated ₹5,379.10 crores

8. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

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				
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	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 [1,2,3]	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)	-				-
Downgradation of restructured accounts during the FY[4]	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[5,6,7]	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	-	-	-	-	-

NOTES (CONT.)

(₹ 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[1,2,3]	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[4]	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[5,6,7]	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 capitalization 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

1.1.25 Disclosure on Flexible Structuring of existing loans

(₹ in crores)

Year ended	No. of borrowers taken up for flexible structuring	Amount of loans taken up for flexible structuring#		Exposure weighted average duration of loans taken up for flexible structuring (years)	
		Classified as standard*	Classified as NPA*	Before applying flexible structuring	After applying flexible structuring
31 March, 2017	8	1,066.14	803.79	9.22	20.72
31 March, 2016	9	3,549.23	-	9.24	19.27

represents outstanding as on date of sanction of the proposal

* asset classification represents position as on 31 March of the respective year

1.1.26 Disclosure on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ in crores)

No. of accounts where SDR has been invoked	Amount outstanding as at 31 March, 2017#		Amount outstanding as at 31 March, 2017 with respect to accounts where conversion of debt to equity is pending		Amount outstanding as at 31 March, 2017 with respect to accounts where conversion of debt to equity has taken place#	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
19	3,807.18	322.40	846.10	214.69	2,961.08	107.71

includes outstanding under equity investments post conversion under SDR

(₹ in crores)

No. of accounts where SDR has been invoked	Amount outstanding as at 31 March, 2016#		Amount outstanding as at 31 March, 2016 with respect to accounts where conversion of debt to equity is pending		Amount outstanding as at 31 March, 2016 with respect to accounts where conversion of debt to equity has taken place#	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
11	2,266.16	250.00	1,637.51	250.00	628.65	-

includes outstanding under equity investments post conversion under SDR

1.1.27 Disclosure on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

(₹ in crores)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as at 31 March, 2017		Amount outstanding as at 31 March, 2017 with respect to accounts where conversion of debt to equity/invocation of pledge of equity shared is pending		Amount outstanding as at 31 March, 2017 with respect to accounts where conversion of debt to equity/invocation of pledge of equity shared has taken place		Amount outstanding as at 31 March, 2017 with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale if promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
-	-	-	-	-	-	-	-	-

NOTES (CONT.)

(₹ in crores)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as at 31 March, 2016		Amount outstanding as at 31 March, 2016 with respect to accounts where conversion of debt to equity/invocation of pledge of equity shared is pending		Amount outstanding as at 31 March, 2016 with respect to accounts where conversion of debt to equity/invocation of pledge of equity shared has taken place		Amount outstanding as at 31 March, 2016 with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale if promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
-	-	-	-	-	-	-	-	-

1.1.28 Disclosure on Change in Ownership of Projects under Implementation (accounts which are currently under the stand-still period)

(₹ in crores)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as at 31 March, 2017		
	Classified as standard	Classified as standard restructured	Classified as NPA
1	98.87	-	-

(₹ in crores)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as at 31 March, 2016		
	Classified as standard	Classified as standard restructured	Classified as NPA
-	-	-	-

1.1.29 Disclosure on Scheme for Sustainable Structuring of Stressed Assets (S4A) as at 31 March, 2017

(₹ in crores)

	No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision held
			In Part A	In Part B	
Classified as standard	2	323.46	160.35	163.11	67.05
Classified as NPA	-	-	-	-	-

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

(₹ in crores)

Sr. No.	Items	As at 31 March, 2017	As at 31 March, 2016
i)	Notional principal of swap agreements	197,871.67	179,664.88
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	2,558.71	2,527.55
iii)	Collateral required by the Bank upon entering into swaps	903.93	652.85
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps/FRAs	2,379.59	2,482.75
	- Cross Currency Swaps	2,086.53	1,599.24
v)	Fair value of the swap book (hedging & trading)		
	- Interest Rate Swaps/FRAs	(410.81)	77.82
	- Currency Swaps	1,056.44	527.68

The nature and terms of the IRS as on 31 March, 2017 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	39	12,178.83	LIBOR	Fixed Receivable v/s Floating Payable
Hedging	2	907.90	LIBOR	Floating Receivable v/s Fixed Payable
Trading	6	325.00	INBMK	Fixed Receivable v/s Floating Payable
Trading	259	32,773.03	LIBOR	Fixed Receivable v/s Floating Payable
Trading	467	29,645.28	MIBOR	Fixed Receivable v/s Floating Payable
Trading	341	16,724.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	25	1,909.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	304	36,231.81	LIBOR	Floating Receivable v/s Fixed Payable
Trading	476	25,709.54	MIBOR	Floating Receivable v/s Fixed Payable
Trading	225	12,223.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	28	4,669.20	LIBOR	Floating Receivable v/s Floating Payable
Trading	3	66.14	LIBOR	Pay Cap
Trading	1	197.11	LIBOR	Pay Cap/ Receive Floor
Trading	1	197.11	LIBOR	Pay Floor/ Receive Cap
Trading	3	66.14	LIBOR	Receive Cap
	2,180	**1,73,823.09**		

The nature and terms of the IRS as on 31 March, 2016 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
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
	2,065	**159,470.14**		

The nature and terms of the FRA as on 31 March, 2017 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	2	2,107.63	LIBOR	Fixed Receivable v/s Floating Payable
	2	**2,107.63**		

The nature and terms of the FRA as on 31 March, 2016 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	2	331.28	LIBOR	Fixed Receivable v/s Floating Payable
	2	**331.28**		

NOTES (CONT.)

The nature and terms of the CCS as on 31 March, 2017 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	85	5,095.10	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	58	4,646.82	LIBOR	Fixed Receivable v/s Floating Payable
Trading	62	6,247.64	LIBOR	Floating Receivable v/s Fixed Payable
Trading	3	1,011.29	LIBOR/MIFOR/ MIBOR	Floating Receivable v/s Floating Payable
Trading	40	3,858.99	Principal Only	Fixed Receivable
Trading	6	1,081.11	Principal Only	Fixed Payable
	254	**21,940.95**		

The nature and terms of the CCS as on 31 March, 2016 are set out below

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
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**		

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2017 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2017
i)	**Notional principal amount of exchange traded interest rate derivatives undertaken during the year**	
	697GS2026 - 6.97% GOI 2026	152.38
	759GS2026 - 7.59% GOI 2026	4,678.12
	759GS2029 - 7.59% GOI 2029	186.98
	761GS2030 - 7.61% GOI 2030	0.10
	768GS2023 - 7.68% GOI 2023	2.00
	772GS2025 - 7.72% GOI 2025	3,219.84
	788GS2030 - 7.88% GOI 2030	1,531.36
	EDH7 - 90 Day Euro Future - March 2017	12,970.00
	EDH8 - 90 Day Euro Future - March 2018	12,970.00
	EDM7 - 90 Day Euro Future - June 2017	8,754.75
	EDM8 - 90 Day Euro Future - June 2018	8,754.75
	EDQ6 - 90 Day Euro $ Future - August 2016	1,297.00
	EDZ6 - 90 Day Euro Future - December 2016	9,662.65
	EDZ7 - 90 Day Euro Future - December 2017	907.90
	FVH7 - 5 Yrs US Note - March 2017	64.85
	FVM6 - 5 Yrs US Note - June 2016	2,042.78
	FVU6 - 5 Yrs US Note - September 2016	1,725.01
	TUM6 - 2 Yrs Treasury Note - June 2016	2,983.10
	TUM7 - 2 Yrs Treasury Note - June 2017	259.40
	TUU6 - 2 Yrs Treasury Note - September 2016	3,761.30
	TYH7 - US 10 Yrs Note - March 2017	453.95
	TYM6 - US 10 Yrs Note - June 2016	4,344.95
	TYM7 - US 10 Yrs Note - June 2017	136.19
	TYU6 - US 10 Yrs Note - September 2016	12,133.43
	TYZ6 - US 10 Yrs Note - December 2016	911.79
		93,904.58

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2017
ii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2017**	
	EDM7 - 90 Day Euro Future - June 2017	1,621.25
	EDM8 - 90 Day Euro Future - June 2018	1,621.25
		3,242.50
iii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2017 and "not highly effective"**	**N.A.**
iv)	**Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2017 and "not highly effective"**	**N.A.**

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2016 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2016
i)	**Notional principal amount of exchange traded interest rate derivatives undertaken during the year**	
	759GS2026 - 7.59% GOI 2026	35.04
	759GS2029 - 7.59% GOI 2029	4.12
	768GS2023 - 7.68% GOI 2023	4.40
	772GS2025 - 7.72% GOI 2025	6,003.86
	788GS2030 - 7.88% GOI 2030	3,545.24
	827GS2020 - 8.27% GOI 2020	4.84
	840GS2024 - 8.40% GOI 2024	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.**

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended 31 March, 2017 and 31 March, 2016.

NOTES (CONT.)

1.1.31 Disclosure on risk exposure in Derivatives

Qualitative disclosures:

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

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

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

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

The derivative transactions are governed by the derivative policy, market risk management policy, hedging policy and the Asset Liability Management (ALM) policy of the Bank as well as by the extant RBI guidelines. The Bank has also implemented policy on customer suitability & appropriateness approved by the Board to ensure that derivatives transactions entered into are appropriate and suitable to the customer. The Bank has also put in place a detailed process flow on documentation for customer derivative transactions for effective management of operational risk/ reputation risk.

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

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

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

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

and Derivatives Association (ISDA) master agreements with respective counterparties. The exposure on account of derivative transactions is computed as per the RBI guidelines and is marked against the credit limits approved for the respective counterparties.

(c) Provisioning, collateral and credit risk mitigation

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

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

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

Quantitative disclosure on risk exposure in derivatives*:

(₹ in crores)

		As at 31 March, 2017			
		Currency Derivatives			Interest rate Derivatives
Sr. No.	Particulars	Forward Contracts ^	CCS	Options	
1	**Derivatives (Notional Principal Amount)**				
	a) For hedging	27,154.50	-	-	15,194.36
	b) For trading	241,040.72	21,940.95	49,383.32	160,736.36
2	**Marked to Market Positions#**				
	a) Asset (+)	5,435.98	1,537.28	1,540.08	988.93
	b) Liability (-)	(5,429.65)	(480.84)	(1,374.76)	(1,361.16)
3	**Credit Exposure@**	15,606.43	4,079.81	1,793.32	3,015.89
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2017)**				
	a) on hedging derivatives	2.33	-	-	249.77
	b) on trading derivatives	2.15	1.81	12.35	63.12
5	**Maximum and Minimum of 100*PV01 observed during the year**				
	a) on hedging				
	I) Minimum	4.15	-	-	128.43
	II) Maximum	1.05	3.77	-	272.71
	b) on Trading				
	I) Minimum	0.01	0.96	4.08	27.55
	II) Maximum	13.03	3.68	94.91	97.29

\# Only on trading derivatives

@ Includes accrued interest

^ Excluding Tom/Spot contracts

NOTES (CONT.)

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2016			
		Currency Derivatives			Interest rate Derivatives
		Forward Contracts ^	CCS	Options	
1	**Derivatives (Notional Principal Amount)**				
	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
2	**Marked to Market Positions#**				
	a) Asset (+)	2,275.48	1,183.77	1,227.35	1,237.54
	b) Liability (-)	(2,071.33)	(630.64)	(1,097.72)	(1,263.06)
3	**Credit Exposure@**	10,513.88	3,119.51	1,196.28	3,158.66
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2016)**				
	a) on hedging derivatives	1.67	4.20	-	121.55
	b) on trading derivatives	4.46	136.62	7.04	277.26
5	**Maximum and Minimum of 100*PV01 observed during the year**				
	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				
@	Includes accrued interest				
^	Excluding Tom/Spot contracts				

* only Over The Counter derivatives included

The outstanding notional principal amount of Exchange Traded Currency Options as at 31 March, 2017 was Nil (previous year Nil) and the mark-to-market value was Nil (previous year Nil).

1.1.32 Details of penalty/stricture levied by RBI during the year ended 31 March, 2017 is as under:

Sr. No.	Amount (₹ in crores)	Reason for stricture issued /levy of penalty by RBI	Date of payment of penalty
1.	-	Warning issued by RBI on 27 July, 2016 for certain lapses in adherence to KYC/AML guidelines on monitoring of transactions in customer accounts and FEMA provisions	-

No penalty/stricture was levied by RBI during the year ended 31 March, 2016.

1.1.33 Disclosure of customer complaints

(a) Disclosure of customer complaints relating to Bank's customers on Bank's ATMs

		31 March, 2017	31 March, 2016
a.	No. of complaints pending at the beginning of the year	208	119
b.	No. of complaints received during the year	35,009	38,122
c.	No. of complaints redressed during the year	35,074	38,033
d.	No. of complaints pending at the end of the year	143	208

(b) Disclosure of customer complaints relating to Bank's customers on other bank's ATMs

	31 March, 2017	31 March, 2016
a. No. of complaints pending at the beginning of the year	934	701
b. No. of complaints received during the year	80,572	59,940
c. No. of complaints redressed during the year	80,273	59,707
d. No. of complaints pending at the end of the year	1,233	934

(c) Disclosure of customer complaints other than ATM transaction complaints

	31 March, 2017	31 March, 2016
a. No. of complaints pending at the beginning of the year	8,357	8,693
b. No. of complaints received during the year	222,092	129,614
c. No. of complaints redressed during the year	189,641	129,950
d. No. of complaints pending at the end of the year	40,808	8,357

(d) Total customer complaints

	31 March, 2017	31 March, 2016
a. No. of complaints pending at the beginning of the year	9,499	9,513
b. No. of complaints received during the year	337,673	227,676
c. No. of complaints redressed during the year	304,988	227,690
d. No. of complaints pending at the end of the year	42,184	9,499

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.

1.1.34 Disclosure of Awards passed by the Banking Ombudsman

		31 March, 2017	31 March, 2016
a.	No. of unimplemented awards at the beginning of the year	-	-
b.	No. of awards passed by the Banking Ombudsman during the year	-	3
c.	No. of awards implemented during the year	-	-
d.	No. of unimplemented awards at the end of the year	-	-*

*During the previous year, the Bank received 3 awards which got cancelled

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

1.1.35 Draw Down from Reserves

During the years ended 31 March, 2017 and 31 March, 2016 the Bank has made a draw down out of the Investment Reserve account towards depreciation on investments in AFS and HFT categories in terms of RBI guidelines.

1.1.36 Letter of Comfort

The Bank has not issued any Letter of Comfort (LoC) on behalf of its subsidiaries during the current and previous year.

NOTES (CONT.)

1.1.37 Disclosure on Remuneration

Qualitative disclosures

a) Information relating to the bodies that oversee remuneration:

❖ **Name, composition and mandate of the main body overseeing remuneration:**

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

As at 31 March, 2017, the Nomination and Remuneration Committee comprises of the following Non-Executive Directors:

1. Shri Prasad R. Menon - Chairman
2. Shri V. R. Kaundinya
3. Shri Rohit Bhagat
4. Shri Rakesh Makhija

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

a. Review and recommend to the Board for approval, the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors and key managerial personnel) including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & CEO (MD & CEO), other Whole-Time Directors (WTD) and senior managers one level below the Board.

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

c. Recommend to the Board the compensation payable to the Chairman of the Bank.

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

e. Review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other WTDs, senior managers one level below the Board and other key roles and their progression to the Board.

f. Review and recommend to the Board for approval:
   - ➢ the creation of new positions one level below MD & CEO
   - ➢ appointments, promotions and exits of senior managers one level below the MD & CEO

g. Set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, the other WTDs for the financial year and over the medium to long term.

h. Review the performance of the MD & CEO and other WTDs at the end of each year.

i. Review organization health through feedback from employee surveys conducted on a regular basis.

j. Perform such other duties as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

❖ **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 categorized into following three categories from remuneration structure and administration standpoint:

Category 1
MD & CEO and WTDs. This category includes 4 employees.

Category 2
All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance. This category includes 31 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 35 employees.

b) **Information relating to the design and structure of remuneration processes:**

❖ **An overview of the key features and objectives of remuneration policy:**

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

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

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

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

Accordingly, the compensation policy for MD & CEO and WTDs seeks to:

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

NOTES (CONT.)

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 2016-17, 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 annualized 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 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.

❖ **An overview of main performance metrics for Bank, top level business lines and individuals:**

The Bank follows a Balanced Scorecard approach for measuring performance for the Bank, top business lines and individuals. The approach broadly comprises financial, customer, internal processes, compliance and people perspectives and includes parameters on revenue and profitability, business growth, customer initiatives, operational efficiencies, regulatory compliance, risk management and people management.

❖ **A discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance:**

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.

NOTES (CONT.)

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

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

Category 3: Other Staff

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

❖ **A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:**

The deferred portion of the variable pay may be delayed in the event of an enquiry determining gross negligence or breach of integrity. The deferred portion is withheld by the Bank till the completion of such enquiries, if any. As a result, no claw back arrangements are made on the deferred portion of the variable pay.

f) **Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms:**

❖ **An overview of the forms of variable remuneration offered:**

- Variable Pay: Variable Pay is linked to corporate performance, business performance and individual performance and ensures differential pay based on the performance levels of employees
- Employee Stock Options (ESOPs): ESOPs are given to selective set of employees at senior levels based on their level of performance and role. ESOP scheme has an inbuilt deferred vesting design which helps in directing long term performance orientation among employees

❖ **A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance:**

Variable pay in the form of performance based bonus is paid out annually and is linked to performance achievement against balanced performance measures and aligned with the principles of meritocracy. The proportion of variable pay in total pay shall be higher at senior management levels. The payment of all forms of variable pay is governed by the affordability of the Bank and based on profitability and cost income ratios. At senior management levels (and for certain employees with potential to cause material impact on risk exposure), a portion of variable compensation may be paid out in a deferred manner in order to drive prudent behaviour as well as long term & sustainable performance orientation. Long term variable pay is administered in the form of ESOPs with an objective of enabling employee participation in the business as an active stakeholder and to usher in an 'owner-manager' culture. The quantum of grant of stock options is determined and approved by the Nomination and Remuneration Committee, in terms of the said Regulations and in line with best practices, subject to the approval of RBI. The current ESOP design has an inbuilt deferral intended to spread and manage risk.

Quantitative disclosures

a) The quantitative disclosures pertaining to the MD & CEO, Whole Time Directors and other risk takers for the year ended 31 March, 2017 and 31 March, 2016 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, 2017	31 March, 2016
a.	i) Number of meetings held by the Remuneration Committee (main body overseeing remuneration) during the financial year	7	7
	ii) Remuneration paid to its members (sitting fees)	₹13,50,000	₹15,00,000
b.	Number of employees having received a variable remuneration award during the financial year	38*	31*
c.	Number and total amount of sign-on awards made during the financial year	N.A.	N.A.
d.	Number and total amount of guaranteed bonus awarded during the financial year, if any	N.A.	N.A.
e.	Details of severance pay, in addition to accrued benefits, if any	N.A.	N.A.
f.	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	₹0.99 crores (cash bonus)	₹1.64 crores (cash bonus)
g.	Total amount of deferred remuneration paid out in the financial year	₹0.65 crores	₹0.30 crores
h.	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred, different forms used	Fixed - ₹38.19 crores#	Fixed - ₹36.93 crores#
		Variable - ₹11.22 crores*	Variable - ₹11.79 crores*
		Deferred - Nil	Deferred - ₹1.04 crores
		Non-Deferred ₹11.22 crores*	Non-Deferred ₹10.75 crores*
		Number of stock options granted during the financial year- 34,91,000	Number of stock options granted during the financial year- 41,70,500
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 2015-16 paid to MD & CEO, WTDs and other risk takers (previous years pertains to FY 2014-15)

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, 2017	31 March, 2016
a.	Amount of remuneration paid during the year	1.02	0.90

NOTES (CONT.)

1.1.38 The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by the Bank are as under:

(₹ in crores)

Sr. No.	Nature of Income*	31 March, 2017	31 March, 2016
1.	For selling life insurance policies	558.24	498.17
2.	For selling non-life insurance policies	32.95	23.35
3.	For selling mutual fund products	317.44	311.44
4.	Others (selling of gold coins, wealth advisory, RBI and other bonds etc.)	88.57	57.09
	Total	**997.20**	**890.05**

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

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

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

(₹ in crores)

Particulars	31 March, 2017	31 March, 2016
Total assets	54,252.62	53,971.32
Total NPAs	4,695.18	903.35
Total revenue	2,636.36	2,777.71

1.1.41 During the year ended 31 March, 2017 the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) exceeded 5% of the book value of investments held in HTM category at the beginning of the year by ₹11,558.20 crores.

Market value of investments held in HTM category	Excess of book value over market value for which provision is not made
₹82,665.92 crores	Nil

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.

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

(₹ in crores)

Particulars	31 March, 2017	31 March, 2016
Opening balance of amounts transferred to DEAF	41.57	26.67
Add : Amounts transferred to DEAF during the year	24.23	15.40
Less : Amounts reimbursed by DEAF towards claims	(0.90)*	(0.50)*
Closing balance of amounts transferred to DEAF	64.90	41.57

* includes ₹0.21 crores (previous year ₹0.44 crores) of claim raised and pending settlement with RBI

1.1.43 Disclosure on Intra-Group Exposures

(₹ in crores)

Particulars	31 March, 2017	31 March, 2016
Total amount of intra-group exposures	3,232.20	3,418.77
Total amount of top-20 intra-group exposures	3,232.20	3,418.77
Percentage of intra-group exposures to total exposure of the Bank on borrowers/customers	0.51	0.59

During the year ended 31 March, 2017 and 31 March, 2016, the intra-group exposures were within the limits specified by RBI.

1.1.44 Unhedged Foreign Currency Exposure

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

During the year ended 31 March, 2017, there is a write back of ₹13.88 crores (previous year incremental provision of ₹1.62 crores) in provision for un-hedged foreign currency exposures. As on 31 March, 2017, the Bank held incremental capital of ₹300.05 crores (previous year ₹249.19 crores) towards borrowers having un-hedged foreign currency exposures.

1.1.45 Disclosure on provisioning pertaining to fraud accounts

(₹ in crores)

	31 March, 2017	31 March, 2016
Number of frauds reported during the year*	205	135
Amounts involved	72.92	250.28
Provisions held at the beginning of the year	48.63	35.69
Provisions made during the year	24.29	214.59
Provisions held at the end of the year	72.92	250.28
Unamortised provision debited from 'other reserves' as at the end of the year	-	-

* Excluding 4 cases (previous year 1 case) amounting to ₹407.73 crores (previous year ₹11.78 crores) reported as fraud during the year and subsequently prudentially written off

1.1.46 During the year ended 31 March, 2017, the Bank purchased Priority Sector Lending Certificates (PSLC) amounting to ₹5,600 crores, the details of which are set out below:

(₹ in crores)

Date	Category	Amount
28 February, 2017	PSLC – General	₹200 crores
01 March, 2017	PSLC – General	₹400 crores
01 March, 2017	PSLC – Small/Marginal Farmers	₹5,000 crores
	Total	**₹5,600 crores**

The Bank has not sold any Priority Sector Lending Certificates during the year ended 31 March, 2017.

NOTES (CONT.)

1.1.47 Disclosure on Liquidity Coverage Ratio

Qualitative disclosure

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

The Bank computes LCR on a daily basis and in accordance with RBI guidelines the quarterly disclosures of LCR commencing from March 2017 contains data on the simple average calculated on daily observations over a period of 90 days.

The Bank follows the criteria laid down by RBI for 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, 2017		Quarter ended 31 December, 2016		Quarter ended 30 September, 2016		Quarter ended 30 June, 2016	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLAs)		69,068.02		73,485.84		62,071.82		57,911.67
Cash Outflows									
2	Retail Deposits and deposits from small business customers, of which:	223,062.16	19,876.45	227,335.01	20,322.23	214,721.91	19,443.96	206,725.61	18,700.11
(i)	Stable Deposits	48,595.25	2,429.76	48,225.63	2,411.29	40,564.79	2,028.25	39,449.20	1,972.47
(ii)	Less Stable Deposits	174,466.91	17,446.69	179,109.38	17,910.94	174,157.12	17,415.71	167,276.41	16,727.64
3	Unsecured wholesale funding, of which :	114,310.99	57,658.68	105,538.02	51,751.28	107,610.78	51,052.33	104,027.70	52,853.63
(i)	Operational deposits (all counterparties)	31,269.64	7,812.33	33,120.72	8,275.36	35,890.75	8,967.75	32,443.10	8,105.92
(ii)	Non-operational deposits (all counterparties)	83,041.35	49,846.35	72,417.30	43,475.92	71,720.03	42,084.58	71,584.60	44,747.71
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		462.22		500.00		1,014.84		1,752.55
5	Additional requirements, of which	33,918.61	26,359.82	30,613.59	22,523.69	22,670.54	15,707.75	24,332.56	13,495.84
(i)	Outflows related to derivative exposures and other collateral requirements	24,578.76	24,578.76	19,194.47	19,194.47	14,927.66	14,927.67	12,354.13	12,354.13
(ii)	Outflows related to loss of funding on debt products	864.71	864.71	2,388.52	2,388.52	-	-	-	-
(iii)	Credit and liquidity facilities	8,475.14	916.35	9,030.60	940.70	7,742.88	780.08	11,978.43	1,141.71
6	Other contractual funding obligations	3,696.81	3,606.81	3,505.93	3,415.93	3,777.42	3,687.42	3,046.03	2,956.03
7	Other contingent funding obligations	199,879.47	7,735.28	196,561.11	7,658.97	181,755.53	7,110.29	180,297.54	6,994.77
8	**TOTAL CASH OUTFLOWS**		**115,699.26**		**106,172.10**		**98,016.59**		**96,752.93**
Cash Inflows									
9	Secured lending (eg. reverse repo)	7,332.28	-	9,101.00	-	2,570.67	-	-	-
10	Inflows from fully performing exposures	23,518.10	18,575.43	27,200.87	18,767.80	26,214.48	17,804.76	24,594.96	17,307.41
11	Other cash inflows	24,605.83	24,605.83	19,063.95	19,063.95	14,913.06	14,913.06	12,401.32	12,401.32
12	**Total Cash Inflows**	**55,456.21**	**43,181.26**	**55,365.82**	**37,831.75**	**43,698.21**	**32,717.82**	**36,996.28**	**29,708.73**
		Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
21	**Total HQLA**		**69,068.02**		**73,485.84**		**62,071.82**		**57,911.67**
22	**Total Net Cash Outflows**		**72,518.00**		**68,340.35**		**65,298.77**		**67,044.20**
23	**Liquidity Coverage Ratio %**		**95.24%**		**107.53%**		**95.06%**		**86.38%**

Notes: 1) Average for quarter ended 31 March, 2017 is simple average of daily observations for the quarter. Average for other quarters represents simple average of monthly observations for the respective quarters.

2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

NOTES (CONT.)

(₹ in crores)

		Quarter ended 31 March, 2016		Quarter ended 31 December, 2015		Quarter ended 30 September, 2015		Quarter ended 30 June, 2015	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLAs)		56,803.00		46,563.12		47,627.42		44,570.50
Cash Outflows									
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
(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
(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
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
(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
(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
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		2,092.31		2,845.78		2,112.83		3,580.11
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
(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
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(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	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
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
8	**TOTAL CASH OUTFLOWS**		**93,052.08**		**86,489.09**		**81,178.75**		**78,078.92**
Cash Inflows									
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
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
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**
		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**
22	**Total Net Cash Outflows**		**66,244.42**		**63,654.43**		**59,448.35**		**59,438.20**
23	**Liquidity Coverage Ratio %**		**85.75%**		**73.15%**		**80.12%**		**74.99%**

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.

1.2 Other disclosures

1.2.1 During the year, the Bank has appropriated ₹755.57 crores (previous year ₹55.84 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, during the previous year, the Bank appropriated ₹6.20 crores (net of taxes and transfer to statutory reserve) to the Capital Reserve, being the profit earned on sale of premises.

1.2.2 During the year, the Bank has appropriated an amount of ₹1.75 crores (previous year ₹1.74 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.

1.2.3 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

	31 March, 2017	31 March, 2016
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	3,679.28	8,223.66
Basic weighted average no. of shares (in crores)	238.93	237.73
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	0.94	1.30
Diluted weighted average no. of shares (in crores)	239.87	239.03
Basic EPS (₹)	15.40	34.59
Diluted EPS (₹)	15.34	34.40
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 9,429,479 (previous year 13,010,331) stock options.

1.2.4 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. 239,119,950 options have been granted under the Scheme till the previous year ended 31 March, 2016.

On 26 April, 2016, the Bank granted 7,153,000 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 ₹469.90 per option.

Stock option activity under the Scheme for the year ended 31 March, 2017 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	35,527,310	217.33 to 535.00	327.56	3.33
Granted during the year	7,153,000	469.90	469.90	-
Forfeited during the year	(690,050)	217.33 to 535.00	455.72	-
Expired during the year	(74,853)	217.33 to 289.51	257.56	-
Exercised during the year	(12,204,283)	217.33 to 535.00	268.81	-
Outstanding at the end of the year	**29,711,124**	**217.33 to 535.00**	**383.16**	**3.98**
Exercisable at the end of the year	15,934,524	217.33 to 535.00	319.45	2.41

The weighted average share price in respect of options exercised during the year was ₹507.67.

NOTES (CONT.)

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.

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, 2017	31 March, 2016
Net Profit (as reported) (₹ in crores)	3,679.28	8,223.66
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)	(101.47)	(103.06)
Net Profit (Proforma) (₹ in crores)	3,577.81	8,120.60
Earnings per share: Basic (in ₹)		
As reported	15.40	34.59
Proforma	14.97	34.16
Earnings per share: Diluted (in ₹)		
As reported	15.34	34.40
Proforma	14.92	33.98

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, 2017	31 March, 2016
Dividend yield	1.29%	1.40%
Expected life	2.57-4.57 years	2.57-4.57 years
Risk free interest rate	7.15% to 7.39%	7.61% to 7.78%
Volatility	32.92% to 35.75%	34.85% to 36.51%

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, 2017 is ₹153.66 (previous year ₹178.22).

1.2.5 Proposed Dividend

The Board of Directors, in their meeting held on 26 April, 2017 have proposed a final dividend of ₹5 per equity share amounting to ₹1,403.99 crores, 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, such proposed dividend has not been recognised as a liability as on 31 March, 2017.

Dividend paid during the year, represents dividend (₹5 per equity share) for the year ended 31 March, 2016 paid pursuant to approval of shareholders at Annual General Meeting held on 22 July, 2016.

1.2.6 Segmental reporting

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

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

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

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

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

NOTES (CONT.)

Segmental results are set out below:

(₹ in crores)

	31 March, 2017				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	11,653.01	15,767.68	17,121.47	-	44,542.16
Other income	4,642.18	2,958.55	3,088.44	1,002.14	11,691.31
Total income as per Profit and Loss Account	**16,295.19**	**18,726.23**	**20,209.91**	**1,002.14**	**56,233.47**
Add/(less) inter segment interest income	48,713.22	5,358.37	18,029.89	-	72,101.48
Total segment revenue	**65,008.41**	**24,084.60**	**38,239.80**	**1,002.14**	**128,334.95**
Less: Interest expense (external customers)	12,484.43	663.30	13,301.31	-	26,449.04
Less: Inter segment interest expense	47,974.47	11,937.93	12,188.50	0.58	72,101.48
Less: Operating expenses	456.91	3,317.95	8,307.81	117.24	12,199.91
Operating profit	**4,092.60**	**8,165.42**	**4,442.18**	**884.32**	**17,584.52**
Less: Provision for non-performing assets/others*	1,233.89	10,041.75	841.32	-	12,116.96
Segment result	**2,858.71**	**(1,876.33)**	**3,600.86**	**884.32**	**5,467.56**
Less: Provision for tax					1,788.28
Extraordinary profit/loss					-
Net Profit					**3,679.28**
Segment assets	209,865.71	198,331.45	186,937.38	746.92	595,881.46
Unallocated assets					5,586.21
Total assets					**601,467.67**
Segment liabilities	194,987.16	118,340.37	232,331.99	42.00	545,701.52
Unallocated liabilities					3.61
Total liabilities					**545,705.13**
Net assets	**14,878.55**	**79,991.08**	**(45,394.61)**	**704.92**	**55,762.54**
Capital expenditure for the year	**26.75**	**210.64**	**417.94**	**13.37**	**668.71**
Depreciation on fixed assets for the year	**20.35**	**160.27**	**318.00**	**10.18**	**508.80**

(₹ in crores)

	31 March, 2016				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
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
Total income as per Profit and Loss Account	**13,715.17**	**18,531.61**	**17,217.99**	**894.73**	**50,359.50**
Add/(less) inter segment interest income	46,475.49	4,816.81	16,769.97	-	68,062.27
Total segment revenue	**60,190.66**	**23,348.42**	**33,987.96**	**894.73**	**118,421.77**
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
Operating profit	**3,495.41**	**8,565.36**	**3,256.85**	**785.99**	**16,103.61**
Less: Provision for non-performing assets/others*	189.87	3,005.70	514.29	-	3,709.86
Segment result	**3,305.54**	**5,559.66**	**2,742.56**	**785.99**	**12,393.75**
Less: Provision for tax					4,170.09
Extraordinary profit/loss					-
Net Profit					**8,223.66**
Segment assets	189,256.25	190,831.82	156,657.98	731.53	537,477.58
Unallocated assets					2,343.44
Total assets					**539,821.02**
Segment liabilities	183,655.51	90,433.40	212,526.77	22.69	486,638.37
Unallocated liabilities					17.74
Total liabilities					**486,656.11**
Net assets	**5,600.74**	**100,398.42**	**(55,868.79)**	**708.84**	**53,164.91**
Capital expenditure for the year	**60.03**	**415.07**	**857.27**	**25.63**	**1,358.00**
Depreciation on fixed assets for the year	**19.62**	**135.68**	**280.23**	**8.38**	**443.91**

* represents material non-cash items other than depreciation

Geographic Segment

(₹ in crores)

	Domestic		International		Total	
	31 March, 2017	31 March, 2016	31 March, 2017	31 March, 2016	31 March, 2017	31 March, 2016
Revenue	53,597.11	47,581.79	2,636.36	2,777.71	56,233.47	50,359.50
Assets	547,215.05	485,849.70	54,252.62	53,971.32	601,467.67	539,821.02
Capital Expenditure incurred	667.83	1,353.98	0.88	4.02	668.71	1,358.00
Depreciation provided	506.00	441.00	2.80	2.91	508.80	443.91

NOTES (CONT.)

1.2.7 Related party disclosure

The related parties of the Bank are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters.

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

b) Key Management Personnel

- Ms. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. V. Srinivasan (Deputy Managing Director)
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)] with effect from 4 August, 2016
- Mr. Rajiv Anand [Executive Director (Retail Banking)] with effect from 4 August, 2016
- Mr. Sanjeev K. Gupta [Executive Director (Corporate Centre)] upto 18 March, 2016

c) Relatives of Key Management Personnel

Mr. Sanjaya Sharma, Ms. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Ms. Gayathri Srinivasan, Ms. Vanjulam Varadarajan, Mr. V. Satish, Ms. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Ms. Mallika Dahiya, Ms. Jal Medha, Ms. Pooja Rathi, Mr. Jai Prakash Dahiya.

d) Subsidiary Companies

- Axis Capital Limited
- Axis Private Equity Limited
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited
- Axis Bank UK Limited
- Axis Finance Limited
- Axis Securities Limited
- A.Treds Limited with effect from 23 May, 2016
- Axis Securities Europe Limited (under voluntary winding up as on 31 March, 2017)

The significant transactions between the Bank and related parties during the year ended 31 March, 2017 and 31 March, 2016 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 ₹137.42 crores (previous year ₹126.43 crores), Life Insurance Corporation of India ₹174.43 crores (previous year ₹130.91 crores)
- Dividend received: Axis Securities Ltd. ₹17.70 crores (previous year ₹14.45 crores), Axis Trustee Services Ltd. ₹12.38 crores (previous year ₹11.25 crores), Axis Capital Ltd. ₹51.45 crores (previous year ₹51.45 crores), Axis Finance Ltd. ₹94.94 crores (previous year ₹62.60 crores)
- Interest paid: Administrator of The Specified Undertaking of the Unit Trust of India ₹73.12 crores (previous year ₹70.97 crores), Life Insurance Corporation of India ₹543.21 crores (previous year ₹530.85 crores)

- Interest received: Life Insurance Corporation of India ₹1.48 crores (previous year ₹0.37 crores), Axis Asset Management Company Ltd. Nil (previous year ₹2.29 crores), Axis Bank UK Ltd. ₹8.89 crores (previous year ₹7.94 crores), Axis Finance Ltd. ₹4.91 crores (previous year ₹1.81 crores)
- Investment of the Bank: Axis Finance Ltd. ₹100.00 crores (previous year ₹100.00 crores), A.Treds Ltd. ₹16.75 crores (Previous year not applicable)
- Investment in non-equity instruments of related party: Axis Finance Ltd. ₹347.32 crores (Previous year Nil), National Insurance Company Ltd. ₹110.00 crores (previous year Nil)
- Investment of related party in the Bank: Ms. Shikha Sharma ₹29.66 crores (previous year ₹16.08 crores), Mr. V. Srinivasan ₹12.03 crores (previous year ₹11.52 crores) , Mr. Sanjeev K. Gupta N.A. (previous year ₹11.43 crores)
- Investment of related party in bonds of the Bank: Life Insurance Corporation of India ₹1,000 crores (previous year Nil), United India Insurance Company Ltd. ₹50.00 crores (previous year Nil)
- Redemption of debt: Life Insurance Corporation of India Nil (previous year ₹50.00 crores), General Insurance Corporation ₹50.00 crores (previous year Nil), United India Insurance Company Ltd. ₹20.00 crores (previous year Nil)
- Sale of Investments: General Insurance Corporation of India ₹390.00 crores (previous year ₹195.00 crores), New India Assurance Company Ltd. ₹200.00 crores (previous year Nil), National Insurance Company Ltd. ₹50.00 crores (previous year ₹80.12 crores), United India Insurance Company Ltd. ₹55.09 crores (previous year ₹50.00 crores)
- Management Contracts: Axis Securities Ltd. ₹6.18 crores (previous year ₹5.02 crores), Axis Trustee Services Ltd. ₹3.43 crores (previous year ₹3.21 crores), Axis Finance Ltd. ₹2.99 crores (previous year ₹2.91 crores), Axis Capital Ltd. ₹3.84 crores (previous year ₹1.73 crores), Ms. Shikha Sharma ₹5.42 crores (previous year ₹5.37 crores), Mr. V. Srinivasan ₹3.36 crores (previous year ₹3.39 crores) , Mr. Sanjeev K. Gupta N.A. (previous year ₹4.41 crores)
- Contribution to employee benefit fund: Life Insurance Corporation of India ₹15.75 crores (previous year ₹15.67 crores)
- Placement of Deposit by the Bank (net): Life Insurance Corporation of India Nil (previous year ₹0.08 crores)
- Call/Term lending to related party: Axis Bank UK Ltd. ₹10.05 crores (previous year ₹66.00 crores)
- Swap/forward contracts: Axis Bank UK Ltd. ₹97.59 crores (previous year ₹48.19 crores)
- Advance granted (net): Life Insurance Corporation of India ₹0.67 crores (previous year Nil), Axis Finance Ltd. Nil (previous year ₹65.11 crores)
- Advance repaid: Axis Finance Ltd. ₹97.17 crores (previous year Nil), Axis Asset Management Company Ltd. Nil (previous year ₹44.69 crores)
- Advance to related party against rendering of services: Axis Securities Ltd. Nil (previous year ₹24.00 crores)
- Receiving of services: Oriental Insurance Company Ltd. ₹75.00 crores (previous year ₹57.88 crores) and Axis Securities Ltd. ₹583.77 crores (previous year ₹418.56 crores)
- Rendering of services: Axis Asset Management Company Ltd. ₹121.38 crores (previous year ₹63.59 crores), Axis Bank UK Ltd. ₹1.19 crores (previous year ₹0.84 crores) and Axis Capital Ltd. ₹7.43 crores (previous year ₹4.55 crores)
- Purchase of equity shares from related party: Axis Capital Ltd. Nil (previous year ₹19.02 crores)
- Refund of share capital from related party: Axis Securities Europe Ltd. ₹8.36 crores (previous year Nil) Axis Private Equity Ltd. Nil (previous year ₹13.50 crores)
- Other reimbursement from related party: Axis Securities Ltd. ₹0.47 crores (previous year ₹0.66 crores), Axis Asset Management Company Ltd. ₹3.05 crores (previous year ₹1.94 crores), Axis Bank UK Ltd. ₹0.41 crores (previous year ₹0.67 crores) and Axis Capital Ltd. ₹4.73 crores (previous year ₹4.20 crores)
- Other reimbursement to related party: Life Insurance Corporation of India ₹0.41 crores (previous year ₹0.40 crores) and Axis Bank UK Ltd. ₹0.12 crores (previous year Nil)

NOTES (CONT.)

The details of transactions of the Bank with its related parties during the year ended 31 March, 2017 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Dividend paid	354.69	0.70	-	-	**355.39**
Dividend received	-	-	-	183.28	**183.28**
Interest paid	666.31	0.14	0.16	24.90	**691.51**
Interest received	1.61	0.55	-	14.51	**16.67**
Investment of the Bank	-	-	-	116.75	**116.75**
Investment in non-equity instruments of related party	110.00	-	-	347.32	**457.32**
Investment of related party in the Bank	-	46.45	-	-	**46.45**
Investment of related party in Hybrid capital/ Bonds of the Bank	1,050.00	-	-	-	**1,050.00**
Redemption of Hybrid capital/Bonds of the Bank	70.00	-	-	-	**70.00**
Purchase of investments	-	-	-	-	**-**
Sale of investments	758.78	3.52	0.11	-	**762.41**
Management contracts	-	11.35	-	16.91	**28.26**
Contribution to employee benefit fund	15.75	-	-	-	**15.75**
Purchase of fixed assets	-	-	-	-	**-**
Sale of fixed assets	-	-	-	-	**-**
Placement of deposits	-	-	-	-	**-**
Repayment of deposits	-	-	-	-	**-**
Non-funded commitments (issued)	0.05	-	-	31.00	**31.05**
Call/Term borrowing	-	-	-	-	**-**
Call/Term lending	-	-	-	10.05	**10.05**
Swaps/Forward contracts	-	-	-	97.59	**97.59**
Advance granted (net)	0.67	-	-	-	**0.67**
Advance repaid	-	0.20	-	97.18	**97.38**
Advance to related party against rendering of services	-	-	-	-	**-**
Receiving of services	100.67	-	-	610.55	**711.22**
Rendering of services	2.43	0.05	-	137.91	**140.39**
Purchase of equity shares from related party	-	-	-	-	**-**
Refund of Share Capital from related party	-	-	-	8.36	**8.36**
Other reimbursements from related party	-	-	-	10.38	**10.38**
Other reimbursements to related party	0.41	-	-	0.18	**0.59**

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2017 are given below:

(₹ 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	-	-	-	-	-
Deposits with the Bank	7,951.11	1.90	2.99	830.10	**8,786.10**
Placement of deposits	0.38	-	-	-	**0.38**
Advances	13.57	10.35	0.02	162.44	**186.38**
Investment of the Bank	-	-	-	1,372.26	**1,372.26**
Investment in non-equity instruments of related party	56.10	-	-	57.18	**113.28**
Investment of related party in the Bank	137.76	0.41	-	-	**138.17**
Non-funded commitments	3.14	-	-	-	**3.14**
Investment of related party in Hybrid capital/ Bonds of the Bank	4,300.00	-	-	-	**4,300.00**
Payable under management contracts	-	0.81	-	-	**0.81**
Other receivables (net)	-	-	-	50.58*	**50.58**
Other payables (net)	-	-	-	31.24	**31.24**
Swap/Forward contracts	-	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2017 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	9,003.33	10.82	3.53	1,874.66	**10,892.34**
Placement of deposits	0.38	-	-	-	**0.38**
Advances	25.70	10.52	0.08	1,327.66	**1,363.96**
Investment of the Bank	-	-	-	1,391.28	**1,391.28**
Investment of related party in the Bank	141.89	0.41	-	-	**142.30**
Investment in non-equity instruments of the Bank	110.00	-	-	347.32	**457.32**
Non-funded commitments	3.21	-	-	31.00	**34.21**
Call borrowing	-	-	-	-	-
Call lending	-	-	-	67.75	**67.75**
Swaps/Forward contracts	-	-	-	5.09	**5.09**
Investment of related party in Hybrid Capital/ Bonds of the Bank	4,355.00	-	-	-	**4,355.00**
Payable under management contracts	-	1.37	-	-	**1.37**
Other receivables (net)	-	-	-	71.04	**71.04**
Other payables (net)	-	-	-	36.73	**36.73**

NOTES (CONT.)

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 Hybrid capital/ Bonds of the Bank	-	-	-	-	**-**
Redemption of Hybrid capital/Bonds of the Bank	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 (issued)	0.13	-	-	-	**0.13**
Call/Term borrowing	-	-	-	-	**-**
Call/Term lending	-	-	-	66.00	**66.00**
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	-	-	**141.96**
Non-funded commitments	3.17	-	-	19.00	**22.17**
Investment of related party in 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:

(₹ in crores)

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	**12,855.30**
Placement of deposits	0.41	-	-	-	**0.41**
Advances	19.91	0.99	0.09	416.28	**437.27**
Investment of the Bank	-	-	-	1,288.03	**1,288.03**
Investment of related party in the Bank	143.43	0.28	-	-	**143.71**
Non-funded commitments	3.19	-	-	73.35	**76.54**
Call borrowing	-	-	-	-	**-**
Call lending	-	-	-	68.72	**68.72**
Swaps/Forward contracts	-	-	-	20.88	**20.88**
Investment of related party in Hybrid capital/ Bonds of the Bank	3,370.00	-	-	-	**3,370.00**
Payable under management contracts	-	1.64	-	-	**1.64**
Other receivables (net)	-	-	-	90.85	**90.85**
Other payables (net)	-	-	-	29.40	**29.40**

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.

NOTES (CONT.)

1.2.8 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, 2017	31 March, 2016
Future lease rentals payable as at the end of the year:		
- Not later than one year	682.25	656.03
- Later than one year and not later than five years	2,110.88	2,080.29
- Later than five years	1,446.88	1,261.53
Total of minimum lease payments recognised in the Profit and Loss Account for the year	756.48	494.45
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	23.08	-
Sub-lease payments recognised in the Profit and Loss Account for the year	0.49	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.

1.2.9 Other Fixed Assets (including furniture & fixtures)

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

(₹ in crores)

Particulars	31 March, 2017	31 March, 2016
At cost at the beginning of the year	852.85	713.77
Additions during the year	206.75	141.87
Deductions during the year	(0.04)	(2.79)
Accumulated depreciation as at 31 March	(691.66)	(560.81)
Closing balance as at 31 March	**367.90**	**292.04**
Depreciation charge for the year	130.88	101.80

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

(₹ in crores)

As at	31 March, 2017	31 March, 2016
Deferred tax assets on account of provisions for loan losses	4,732.25	1,709.70
Deferred tax assets on account of amortisation of HTM investments	12.80	26.33
Deferred tax assets on account of provision for employee benefits	97.45	73.62
Deferred tax assets on account of other items	311.17	324.04
Deferred tax assets	**5,153.67**	**2,133.69**
Deferred tax liabilities on account of depreciation on fixed assets	91.48	48.21
Deferred tax liabilities on account of other items	-	126.69
Deferred tax liabilities	**91.48**	**174.90**
Net Deferred tax assets	**5,062.19**	**1,958.79**

1.2.11 Employee Benefits

Provident Fund

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date.

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

Profit and Loss Account

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Current Service Cost	76.80	65.55
Interest on Defined Benefit Obligation	115.68	99.45
Expected Return on Plan Assets	(135.93)	(117.69)
Net Actuarial Losses/(Gains) recognised in the year	20.25	18.25
Total included in "Employee Benefit Expense" [Schedule 16(I)]	**76.80**	**65.56**
Actual Return on Plan Assets	136.51	99.04

Balance Sheet

Details of provision for provident fund

(₹ in crores)

	31 March, 2017	31 March, 2016
Fair Value of Plan Assets	1,687.15	1,437.90
Present Value of Funded Obligations	(1,687.15)	(1,437.90)
Net Asset	**-**	**-**
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset (included under Schedule 11 – Other Assets)	**-**	**-**

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1,437.90	1,240.83
Current Service Cost	76.80	65.55
Interest Cost	115.68	99.45
Actuarial Losses/(Gains)	20.83	12.08
Employees Contribution	181.16	160.81
Liability transferred from/to other companies	(22.88)	(11.96)
Benefits Paid	(122.34)	(128.86)
Closing Defined Benefit Obligation	**1,687.15**	**1,437.90**

NOTES (CONT.)

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	1,437.90	1,240.83
Expected Return on Plan Assets	135.93	117.69
Actuarial Gains/(Losses)	0.58	(6.16)
Employer contribution during the period	76.80	65.55
Employee contribution during the period	181.16	160.81
Assets transferred from/to other companies	(22.88)	(11.96)
Benefits Paid	(122.34)	(128.86)
Closing Fair Value of Plan Assets	**1,687.15**	**1,437.90**

Experience adjustments*

(₹ in crores)

	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014
Defined Benefit Obligations	1,687.15	1,437.90	1,240.83	1,013.25
Plan Assets	1,687.15	1,437.90	1,240.83	1,013.25
Surplus/(Deficit)	-	-	-	-
Experience Adjustments on Plan Liabilities	20.83	12.08	(1.78)	53.03
Experience Adjustments on Plan Assets	0.58	(6.16)	(3.99)	41.42

* information provided to the extent available with the Bank

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

	31 March, 2017 %	31 March, 2016 %
Government securities	53.74	53.04
Bonds, debentures and other fixed income instruments	31.81	30.74
Equity shares	1.66	-
Others	12.79	16.22

	31 March, 2017	31 March, 2016
Discount rate for the term of the obligation	7.40%	7.95%
Average historic yield on the investment portfolio	9.11%	9.01%
Discount rate for the remaining term to maturity of the investment portfolio	6.93%	7.94%
Expected investment return	9.58%	9.02%
Guaranteed rate of return	8.65%	8.75%

The contribution to the employee's provident fund (including Employee Pension Scheme) amounted to ₹133.67 crores (previous year ₹115.39 crores) for the year.

Superannuation

The Bank contributed ₹15.33 crores (previous year ₹15.27 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, 2017	31 March, 2016
Actuarial Liability – Privilege Leave	247.46	209.10
Total Expense included in Schedule 16(I)	79.87	34.49
Assumptions		
Discount rate	7.40% p.a.	7.95% 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, 2017	31 March, 2016
Current Service Cost	32.54	30.08
Interest on Defined Benefit Obligation	20.15	17.94
Expected Return on Plan Assets	(18.07)	(15.70)
Net Actuarial Losses/(Gains) recognised in the year	25.32	9.20
Past Service Cost	-	-
Total included in "Employee Benefit Expense" [Schedule 16(I)]	59.94	41.52
Actual Return on Plan Assets	16.44	10.34

Balance Sheet

Details of provision for gratuity

(₹ in crores)

	31 March, 2017	31 March, 2016
Fair Value of Plan Assets	279.65	232.56
Present Value of Funded Obligations	(284.83)	(232.55)
Net Asset	**(5.18)**	**0.01**
Amounts in Balance Sheet		
Liabilities	5.18	-
Assets	-	0.01
Net Asset (included under Schedule 11 – Other Assets)	**(5.18)**	**0.01**

NOTES (CONT.)

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	232.55	206.96
Current Service Cost	32.54	30.08
Interest Cost	20.15	17.94
Actuarial Losses/(Gains)	23.68	3.84
Past service cost	-	-
Benefits Paid	(24.09)	(26.27)
Closing Defined Benefit Obligation	**284.83**	**232.55**

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	232.56	209.49
Expected Return on Plan Assets	18.07	15.70
Actuarial Gains/(Losses)	(1.64)	(5.36)
Contributions by Employer	54.75	39.00
Benefits Paid	(24.09)	(26.27)
Closing Fair Value of Plan Assets	**279.65**	**232.56**

Experience adjustments

(₹ in crores)

	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014	31 March, 2013
Defined Benefit Obligations	284.83	232.55	206.96	157.72	137.60
Plan Assets	279.65	232.56	209.49	163.35	146.22
Surplus/(Deficit)	(5.18)	0.01	2.53	5.63	8.62
Experience Adjustments on Plan Liabilities	6.64	2.78	1.06	7.67	4.58
Experience Adjustments on Plan Assets	(1.64)	(5.36)	1.27	2.33	2.07

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

	31 March, 2017 %	31 March, 2016 %
Government securities	37.30	49.15
Bonds, debentures and other fixed income instruments	47.98	39.34
Money market instruments	8.66	5.69
Equity shares	3.52	2.62
Others	2.54	3.20

Principal actuarial assumptions at the Balance Sheet date:

	31 March, 2017	31 March, 2016
Discount Rate	7.40% p.a.	7.95% 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)	20.00%	19.00%
- 31 to 44 (age in years)	10.00%	8.00%
- 45 to 59 (age in years)	5.00%	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.

1.2.12 Provisions and contingencies

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Opening balance at the beginning of the year	39.82	24.80
Additions during the year	23.47	15.78
Reductions on account of payments during the year	-	-
Reductions on account of reversals during the year	(3.89)	(0.76)
Closing balance at the end of the year	**59.40**	**39.82**

b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

(₹ in crores)

	31 March, 2017	31 March, 2016
Opening provision at the beginning of the year	127.38	83.19
Provision made during the year	32.17	62.14
Reductions during the year	(49.10)	(17.95)
Closing provision at the end of the year	**110.45**	**127.38**

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Opening provision at the beginning of the year	539.09	1,058.68
Provision made during the year	1,036.59	1,342.21
Reductions during the year	(980.06)	(1,861.80)
Closing provision at the end of the year	**595.62**	**539.09**

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

NOTES (CONT.)

1.2.13 Small and Micro Industries

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

1.2.14 Corporate Social Responsibility (CSR)

a) Amount required to be spent by the Bank on CSR during the year ₹196.46 crores (previous year ₹163.03 crores).

b) Amount spent towards CSR during the year and recognized as expense in the statement of profit and loss on CSR related activities is ₹135.39 crores (previous year ₹137.41 crores), which comprise of following -

(₹ in crores)

	31 March, 2017			31 March, 2016		
	In cash	Yet to be paid in cash (i.e. provision)	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/ acquisition of any asset	2.80	10.40	**13.20**	8.06	14.97	**23.03**
On purpose other than above	106.78	15.41	**122.19**	97.04	17.34	**114.38**

1.2.15 Description of contingent liabilities

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Bank. Apart from claims assessed as possible, the Bank holds provision of ₹26.23 crores as on 31 March 2017 (previous year ₹25.67 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.

1.2.16 Disclosure on Specified Bank Notes (SBNs)

As advised by RBI, the disclosure on SBNs as required in accordance with notification of Ministry of Corporate Affairs dated 30 March, 2017 is not applicable to banks. Accordingly, the same has not been disclosed.

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

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Date : 26 April, 2017
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director

INDEPENDENT AUDITOR'S REPORT

To the Members of Axis Bank Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Axis Bank Limited (hereinafter referred to as "the Bank"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at 31 March, 2017, the consolidated Profit and Loss Account and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016, the provisions of Section 29 of the Banking Regulation Act,1949 and the circulars, guidelines and directions issued by the Reserve Bank of India ('RBI') from time to time. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March, 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

(a) The other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;

(e) On the basis of the written representations received from the directors of the Bank as on 31 March, 2017 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Bank and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group– Refer Schedule 12.I and Note 18.1.1.14 (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 Note 18.1.1.14 (b) 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, incorporated in India during the year ended 31 March, 2017;

iv. As per books of accounts of the Bank and represented by the management, the disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30 March, 2017 is not applicable to the Bank - Refer Note 18.1.1.15 to the consolidated financial statements.

Other Matter

The accompanying consolidated financial statements include total assets of ₹5,717 crores as at 31 March, 2017, and total revenues and net cash inflows of ₹743 crores and ₹42 crores respectively for the year ended on that date, in respect of subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

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

per Viren H. Mehta
Partner
Membership Number: 048749

Place of Signature: Mumbai
Date: 26 April, 2017

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, 2017, we have audited the internal financial controls over financial reporting of Axis Bank Limited (hereinafter referred to as the "Bank") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Bank, its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act, in so far as they apply to the Bank and Guideline issued by the Reserve Bank of India.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank and 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, 2017, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Bank, insofar as it relates to a subsidiary company which is incorporated in India, is based on the corresponding report of the auditor of such subsidiary incorporated in India.

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

per Viren H. Mehta
Partner
Membership Number: 048749

Place of Signature: Mumbai
Date: 26 April, 2017

CONSOLIDATED BALANCE SHEET

as at 31 March, 2017

(₹ in Thousands)

	Schedule No.	As at 31-03-2017	As at 31-03-2016
Capital And Liabilities			
Capital	1	4,790,072	4,765,664
Reserves & Surplus	2	559,013,433	530,821,913
Minority Interest	2A	613,066	390,546
Deposits	3	4,149,826,752	3,583,021,932
Borrowings	4	1,124,547,615	1,138,477,320
Other Liabilities and Provisions	5	275,829,172	206,388,758
Total		**6,114,620,110**	**5,463,866,133**
Assets			
Cash and Balances with Reserve Bank of India	6	308,579,478	223,611,562
Balances with Banks and Money at Call and Short Notice	7	201,081,701	113,416,529
Investments	8	1,290,183,496	1,313,986,431
Advances	9	3,810,802,630	3,446,633,156
Fixed Assets	10	38,102,336	35,737,637
Other Assets	11	465,870,469	330,480,818
Total		**6,114,620,110**	**5,463,866,133**
Contingent Liabilities	12	6,731,363,457	6,188,115,431
Bills for Collection		810,553,648	512,794,653
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 S. R. Batliboi & Co. LLP
Chartered Accountants

Viren H. Mehta
Partner

Date : 26 April, 2017
Place: Mumbai

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director

CONSOLIDATED PROFIT & LOSS ACCOUNT

for the year ended 31 March, 2017

(₹ in Thousands)

		Schedule No.	Year ended 31-03-2017	Year ended 31-03-2016
I	**Income**			
	Interest earned	13	451,750,929	414,092,495
	Other income	14	124,216,034	99,549,760
	Total		**575,966,963**	**513,642,255**
II	**Expenditure**			
	Interest expended	15	267,893,474	243,442,343
	Operating expenses	16	127,256,277	106,113,710
	Provisions and contingencies	18 (1.1.1)	141,146,907	80,510,360
	Total		**536,296,658**	**430,066,413**
III	**Net Profit For The Year**		**39,670,305**	**83,575,842**
	Minority interest		(140,020)	(79,185)
	Share in Profit/(Loss) of Associate		-	
IV	**Consolidated Net Profit Attributable To Group**		**39,530,285**	**83,496,657**
	Balance In Profit & Loss Account brought forward from previous year		240,026,960	177,897,402
V	**Amount Available for Appropriation**		**279,557,245**	**261,394,059**
VI	**Appropriations:**			
	Transfer to Statutory Reserve		9,198,198	20,559,157
	Transfer to Reserve Fund u/s 45 IC of RBI Act, 1934		330,600	221,600
	Transfer to/(from) Investment Reserve		(871,671)	(418,074)
	Transfer to Capital Reserve		7,555,740	620,406
	Transfer to General Reserve		68,737	54,011
	Transfer to/(from) Reserve Fund		17,522	17,409
	Dividend paid (includes tax on dividend)	18 (1.1.6)	14,442,570	312,590
	Balance in Profit & Loss Account carried forward		248,815,549	240,026,960
	Total		**279,557,245**	**261,394,059**
VII	**Earnings Per Equity Share**	18 (1.1.4)		
	(Face value ₹2/- per share) (Rupees)			
	Basic		16.54	35.12
	Diluted		16.48	34.93
	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 S. R. Batliboi & Co. LLP
Chartered Accountants

Viren H. Mehta
Partner

Date : 26 April, 2017
Place: Mumbai

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

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, 2017

(₹ in Thousands)

	Year ended 31-03-2017	Year ended 31-03-2016
Cash flow from operating activities		
Net profit before taxes	**59,398,037**	**126,820,480**
Adjustments for:		
Depreciation on fixed assets	5,266,715	4,613,903
Depreciation on investments	2,441,831	841,094
Amortisation of premium on Held to Maturity investments	1,401,509	783,691
Provision for Non Performing Assets (including bad debts)	111,570,646	38,004,587
Provision on standard assets	3,643,427	3,956,954
Provision for wealth tax	-	(477)
(Profit)/Loss on sale of fixed assets (net)	38,846	(60,574)
Provision for country risk	199,434	-
Provision for restructured assets/strategic debt restructuring	2,905,233	(617,811)
Provision on unhedged foreign currency exposure	(138,800)	16,200
Provision for other contingencies	657,383	(5,014,010)
	187,384,261	**169,344,037**
Adjustments for:		
(Increase)/Decrease in investments	126,928,387	(176,129,028)
(Increase)/Decrease in advances	(465,397,348)	(638,336,336)
Increase /(Decrease) in deposits	566,804,821	360,580,232
(Increase)/Decrease in other assets	(102,041,288)	(40,502,240)
Increase/(Decrease) in other liabilities & provisions	61,623,469	25,498,152
Direct taxes paid	(53,216,114)	(45,401,573)
Net cash flow from operating activities	**322,086,188**	**(344,946,756)**
Cash flow from investing activities		
Purchase of fixed assets	(7,737,105)	(14,944,047)
(Increase)/Decrease in Held to Maturity investments	(116,759,648)	107,004,252
Proceeds from sale of fixed assets	65,195	192,654
Net cash used in investing activities	**(124,431,558)**	**92,252,859**

CONSOLIDATED CASH FLOW STATEMENT (CONT.)

(₹ in Thousands)

	Year ended 31-03-2017	Year ended 31-03-2016
Cash flow from financing activities		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	55,458,748	12,264,056
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	(69,388,454)	222,918,228
Proceeds from issue of share capital	24,409	24,620
Proceeds from share premium (net of share issue expenses)	3,256,270	3,028,823
Payment of dividend	(14,442,570)	(13,368,029)
Increase in minority interest	222,520	79,185
Net cash generated from financing activities	**(24,869,077)**	**224,946,883**
Effect of exchange fluctuation translation reserve	(152,465)	(145,879)
Net increase in cash and cash equivalents	172,633,088	(27,892,894)
Cash and cash equivalents at the beginning of the year	337,028,091	364,920,985
Cash and cash equivalents at the end of the year	**509,661,179**	**337,028,091**
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)	308,579,478	223,611,562
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	201,081,701	113,416,529
Cash and cash equivalents at the end of the year	**509,661,179**	**337,028,091**

In terms of our report attached.

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

Viren H. Mehta
Partner

Date : 26 April, 2017
Place: Mumbai

Samir K. Barua
Director

Girish V. Koliyote
Company Secretary

S. Vishvanathan
Director

Jairam Sridharan
Chief Financial Officer

Rakesh Makhija
Director

V. Srinivasan
Deputy Managing Director

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Shikha Sharma
Managing Director & CEO

SCHEDULES

forming part of the Consolidated Balance Sheet as at 31 March, 2017

Schedule 1 - Capital

(₹ in Thousands)

	As at 31-03-2017	As at 31-03-2016
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
Issued, Subscribed and Paid-up capital		
2,395,036,109 (Previous year - 2,382,831,826) Equity Shares of ₹2/- each fully paid-up	4,790,072	4,765,664

Schedule 2 - Reserves and Surplus

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	**Statutory Reserve**		
	Opening Balance	105,872,325	85,313,168
	Additions during the year	9,198,198	20,559,157
		115,070,523	**105,872,325**
II.	**Share Premium Account**		
	Opening Balance	166,871,859	163,843,036
	Additions during the year	3,256,270	3,028,823
	Less: Share issue expenses	-	-
		170,128,129	**166,871,859**
III.	**Investment Reserve Account**		
	Opening Balance	871,671	1,289,745
	Additions/(Deductions) during the year (net)	(871,671)	(418,074)
		-	**871,671**
IV.	**General Reserve**		
	Opening Balance	3,794,837	3,740,826
	Additions during the year	68,737	54,011
		3,863,574	**3,794,837**
V.	**Capital Reserve**		
	Opening Balance	11,100,655	10,480,249
	Additions during the year	7,555,740	620,406
		18,656,395	**11,100,655**
VI.	**Foreign Currency Translation Reserve** [Refer Schedule 17 (5.5)]		
	Opening Balance	1,716,212	1,862,091
	Additions during the year	-	-
	Deductions during the year	(152,465)	(145,879)
		1,563,747	**1,716,212**
VII.	**Reserve Fund**		
	Opening Balance	41,294	23,885
	Additions/(Deductions) during the year (net)	17,522	17,409
		58,816	**41,294**
VIII.	**Reserve Fund u/s 45 IC of RBI Act, 1934**		
	Opening Balance	526,100	304,500
	Additions during the year	330,600	221,600
		856,700	**526,100**
IX.	**Balance in Profit & Loss Account**	**248,815,549**	**240,026,960**
	Total	**559,013,433**	**530,821,913**

Schedule 2A - Minority Interest

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	Minority Interest		
	Opening Balance	390,546	311,361
	Increase/(Decrease) during the year	222,520	79,185
	Closing Minority Interest	**613,066**	**390,546**

Schedule 3 - Deposits

(₹ in Thousands)

			As at 31-03-2017	As at 31-03-2016
A.	I.	Demand Deposits		
		(i) From banks	47,922,195	46,692,546
		(ii) From others	817,318,279	588,518,516
	II.	Savings Bank Deposits	1,260,484,706	1,057,934,225
	III.	Term Deposits		
		(i) From banks	112,242,565	74,025,125
		(ii) From others	1,911,859,007	1,815,851,520
		Total	**4,149,826,752**	**3,583,021,932**
B.	I.	Deposits of branches in India	4,100,578,180	3,527,724,347
	II.	Deposits of branches/subsidiaries outside India	49,248,572	55,297,585
		Total	**4,149,826,752**	**3,583,021,932**

Schedule 4 - Borrowings

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	Borrowings in India		
	(i) Reserve Bank of India	-	93,540,000
	(ii) Other banks #	39,285,727	22,837,989
	(iii) Other institutions & agencies **	513,644,605	381,164,809
II.	Borrowings outside India $	571,617,283	640,934,522
	Total	**1,124,547,615**	**1,138,477,320**
	Secured borrowings included in I & II above	30,134,771	111,063,923

\# Borrowings from other banks include Subordinated Debt of ₹35.00 crores (previous year ₹90.10 crores) in the nature of Non- Convertible Debentures, Perpetual Debt of Nil (previous year ₹25.00 crores) and Upper Tier II instruments of Nil (previous year ₹49.10 crores) [Also refer Notes 18 (1.1.2)]

** Borrowings from other institutions & agencies include Subordinated Debt of ₹16,170.00 crores (previous year ₹12,240.70 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹3,500.00 crores (previous year ₹189.00 crores) and Upper Tier II instruments of Nil (previous year ₹258.40 crores) [Also refer Notes 18 (1.1.2)]

$ Borrowings outside India include Perpetual Debt of Nil (previous year ₹304.77 crores) and Upper Tier II instruments of ₹389.06 (previous year ₹1,391.12 crores) [Also refer Notes 18 (1.1.2)]

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2017 (CONT.)

Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	Bills payable	39,525,430	36,453,959
II.	Inter-office adjustments (net)	-	-
III.	Interest accrued	20,893,390	26,145,490
IV.	Proposed dividend (includes tax on dividend) [Refer Schedule 18 (1.1.6)]	-	-
V.	Contingent provision against standard assets	23,678,835	20,138,747
VI.	Others (including provisions)	191,731,517	123,650,562
	Total	**275,829,172**	**206,388,758**

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	Cash in hand (including foreign currency notes)	63,579,242	41,204,898
II.	Balances with Reserve Bank of India:		
	(i) in Current Account	183,000,236	182,406,664
	(ii) in Other Accounts	62,000,000	-
	Total	**308,579,478**	**223,611,562**

Schedule 7 - Balances with Banks and Money at Call and Short Notice

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	2,250,573	2,104,609
	(b) in Other Deposit Accounts	21,371,450	11,942,150
	(ii) Money at Call and Short Notice		
	(a) With banks	-	-
	(b) With other institutions	143,221,546	41,184,875
	Total	**166,843,569**	**55,231,634**
II.	Outside India		
	(i) in Current Accounts	12,531,206	15,738,488
	(ii) in Other Deposit Accounts	14,755,151	26,158,271
	(iii) Money at Call & Short Notice	6,951,775	16,288,136
	Total	**34,238,132**	**58,184,895**
	Grand Total (I+II)	**201,081,701**	**113,416,529**

Schedule 8 - Investments

(₹ in Thousands)

			As at 31-03-2017	As at 31-03-2016
I.	**Investments in India in -**			
	(i)	Government Securities ##	905,980,625	945,608,590
	(ii)	Other approved securities	-	-
	(iii)	Shares	13,228,030	12,439,671
	(iv)	Debentures and Bonds	265,277,040	231,531,115
	(v)	Investment in Joint Ventures	-	-
	(vi)	Others (Mutual Fund units, CD/CP, PTC etc.)	69,969,442	94,022,174
	Total Investments in India		**1,254,455,137**	**1,283,601,550**
II.	**Investments outside India in -**			
	(i)	Government Securities (including local authorities)	26,340,917	21,088,195
	(ii)	Subsidiaries and/or joint ventures abroad	-	-
	(iii)	Others (Equity Shares and Bonds)	9,387,442	9,296,686
	Total Investments outside India		**35,728,359**	**30,384,881**
	Grand Total (I+II)		**1,290,183,496**	**1,313,986,431**

Includes securities costing ₹27,179.69 crores (previous year ₹29,020.93 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2017 (CONT.)

Schedule 9 - Advances

(₹ in Thousands)

			As at 31-03-2017	As at 31-03-2016
A.	(i)	Bills purchased and discounted	67,496,591	47,107,156
	(ii)	Cash credits, overdrafts and loans repayable on demand @	1,042,960,848	965,473,393
	(iii)	Term loans #	2,700,345,191	2,434,052,607
	Total		**3,810,802,630**	**3,446,633,156**
B.	(i)	Secured by tangible assets $	2,913,049,655	2,600,830,091
	(ii)	Covered by Bank/Government Guarantees &&	66,920,973	40,302,677
	(iii)	Unsecured	830,832,002	805,500,388
	Total		**3,810,802,630**	**3,446,633,156**
C.	I.	Advances in India		
		(i) Priority Sector	938,737,979	816,012,439
		(ii) Public Sector	29,134,862	35,457,656
		(iii) Banks	5,612,644	2,068,310
		(iv) Others	2,316,812,680	2,062,119,670
	Total		**3,290,298,165**	**2,915,658,075**
	II.	Advances Outside India		
		(i) Due from banks	26,861,261	1,373,656
		(ii) Due from others -		
		(a) Bills purchased and discounted	25,448,317	13,220,140
		(b) Syndicated loans	103,681,545	135,410,920
		(c) Others	364,513,342	380,970,365
	Total		**520,504,465**	**530,975,081**
	Grand Total [CI+CII]		**3,810,802,630**	**3,446,633,156**

@ Net of borrowings under Inter Bank Participation Certificate/Funded Risk Participation Nil (previous year ₹662.55 crores)
# Net of borrowings under Inter Bank Participation Certificate Nil (previous year ₹7,483.34 crores)
$ Includes advances against book debts
&& Includes advances against L/Cs issued by banks

Schedule 10 - Fixed Assets

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	**Premises**		
	Gross Block		
	At cost at the beginning of the year	18,289,915	9,507,021
	Additions during the year	41,517	8,800,025
	Deductions during the year	-	(17,131)
	Total	**18,331,432**	**18,289,915**
	Depreciation		
	As at the beginning of the year	860,688	708,710
	Charge for the year	304,683	158,686
	Deductions during the year	-	(6,708)
	Depreciation to date	1,165,371	860,688
	Net Block	**17,166,061**	**17,429,227**
II.	**Other fixed assets (including furniture & fixtures)**		
	Gross Block		
	At cost at the beginning of the year	40,692,916	36,256,166
	Additions during the year	6,933,777	5,036,713
	Deductions during the year	(558,725)	(599,963)
	Total	**47,067,968**	**40,692,916**
	Depreciation		
	As at the beginning of the year	24,543,452	20,587,251
	Charge for the year	4,962,032	4,455,217
	Deductions during the year	(452,840)	(499,016)
	Depreciation to date	29,052,644	24,543,452
	Net Block	**18,015,324**	**16,149,464**
III.	**Capital Work-In-Progress (including capital advances)**	**2,920,951**	**2,158,946**
	Grand Total (I+II+III)	**38,102,336**	**35,737,637**

Schedule 11 - Other Assets

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	Inter-office adjustments (net)	-	-
II.	Interest Accrued	52,743,566	44,459,222
III.	Tax paid in advance/tax deducted at source (net of provisions)	5,279,496	3,951,774
IV.	Stationery and stamps	19,790	8,291
V.	Non banking assets acquired in satisfaction of claims	22,086,151	-
VI.	Others #@	385,741,466	282,061,531
	Total	**465,870,469**	**330,480,818**

Includes deferred tax assets of ₹5,071.86 crores (previous year ₹1,968.24crores) [Refer Schedule 18 (1.1.11)]
@ Includes Priority Sector Shortfall Deposits of ₹17,107.12 crores (previous year ₹16,659.19 crores)

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2017 (CONT.)

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

		As at 31-03-2017	As at 31-03-2016
I.	Claims against the Group not acknowledged as debts	4,753,308	2,749,555
II.	Liability for partly paid investments	-	-
III.	Liability on account of outstanding forward exchange and derivative contracts:		
	a) Forward Contracts	2,681,952,184	2,556,675,471
	b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	2,031,704,307	1,806,278,486
	c) Foreign Currency Options	493,833,247	429,005,192
	Total (a+b+c)	**5,207,489,738**	**4,791,959,149**
IV.	Guarantees given on behalf of constituents		
	In India	763,736,463	558,340,064
	Outside India	47,579,859	128,192,798
V.	Acceptances, endorsements and other obligations	335,366,639	294,853,158
VI.	Other items for which the Group is contingently liable	372,437,450	412,020,707
	Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (1.1.14)]	**6,731,363,457**	**6,188,115,431**

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2017

Schedule 13 - Interest Earned

(₹ in Thousands)

		Year ended 31-03-2017	Year ended 31-03-2016
I.	Interest/discount on advances/bills	336,946,444	304,101,900
II.	Income on investments	96,749,715	94,258,541
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	5,057,855	2,962,541
IV.	Others	12,996,915	12,769,513
	Total	**451,750,929**	**414,092,495**

Schedule 14 - Other Income

(₹ in Thousands)

		Year ended 31-03-2017	Year ended 31-03-2016
I.	Commission, exchange and brokerage	78,897,946	74,095,775
II.	Profit/(Loss) on sale of investments (net)	32,285,565	10,408,517
III.	Profit/(Loss) on sale of fixed assets (net)	(38,846)	60,574
IV.	Profit on exchange/derivative transactions (net)	10,890,953	12,757,306
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 ₹181.89 crores (previous year ₹160.49 crores) and net profit on account of portfolio sell downs/securitisation ₹3.79 crores (previous year ₹6.12 crores)]	2,180,416	2,227,588
	Total	**124,216,034**	**99,549,760**

Schedule 15 - Interest Expended

(₹ in Thousands)

		Year ended 31-03-2017	Year ended 31-03-2016
I.	Interest on deposits	196,406,526	185,207,845
II.	Interest on Reserve Bank of India/Inter-bank borrowings	18,800,730	20,919,676
III.	Others	52,686,218	37,314,822
	Total	**267,893,474**	**243,442,343**

Schedule 16 - Operating Expenses

(₹ in Thousands)

		Year ended 31-03-2017	Year ended 31-03-2016
I.	Payments to and provisions for employees	47,420,971	40,193,437
II.	Rent, taxes and lighting	9,599,482	6,967,403
III.	Printing and stationery	1,895,987	1,427,830
IV.	Advertisement and publicity	1,411,326	935,725
V.	Depreciation on Group's property	5,266,715	4,613,903
VI.	Directors' fees, allowance and expenses	33,774	30,448
VII.	Auditors' fees and expenses	27,710	25,212
VIII.	Law charges	110,127	171,559
IX.	Postage, telegrams, telephones etc.	3,197,397	2,712,249
X.	Repairs and maintenance	8,805,331	7,361,263
XI.	Insurance	5,022,726	4,160,907
XII.	Other expenditure	44,464,731	37,513,774
	Total	**127,256,277**	**106,113,710**

17. SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March, 2017

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%
A.Treds Ltd.	Subsidiary	India	67.00%
Axis Bank UK Ltd.	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, 2017.

d) As on 31 March 2017, Axis Securities Europe Ltd., a wholly-owned subsidiary of the Bank in the United Kingdom has opted for voluntary winding up and the same is under process.

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 Changes in accounting policies

Axis Bank Limited

4.1 Mark-to-market gain or loss on derivatives and foreign exchange contracts

In terms the guidance note issued by ICAI on "Accounting for Derivative Contracts", the Bank has presented mark-to-market gain or loss on derivatives and foreign exchange contracts on a gross basis as against the erstwhile practice of presenting the same on a net basis under other assets and other liabilities. Previous year figures have been regrouped and reclassified to conform to current year's classification. The aforesaid change has no impact on the profit of the Bank for the year ended 31 March, 2017.

4.2 Repurchase and reverse repurchase transactions with RBI under Liquidity Adjustment Facility/Marginal Standing Facility

In terms of RBI circular no. FMRD.DIRD.10/14.03.002/2015-16 dated 19 May, 2016, repurchase and reverse repurchase transactions with RBI under Liquidity Adjustment Facility/Marginal Standing Facility are accounted for as borrowing and lending respectively as against the earlier practice of including the same under investments. Previous year figures have been regrouped and reclassified to conform to current year's classification. The aforesaid change has no impact on the profit of the Bank for the year ended 31 March, 2017.

5 Significant accounting policies

5.1 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.

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. The book value of individual securities is not changed consequent to the periodic valuation of investments. Non-performing investments are identified and provision is made thereon as per RBI guidelines. Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

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

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

- 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 including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending 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 and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

Subsidiaries

Investments are initially recognised at cost which comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Any reduction in the carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of such investments.

5.2 Advances

Axis Bank Ltd.

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs, provisions in lieu of diminution in the fair value of restructured assets and floating provisions.

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations.

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

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines.

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

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 (SDR) scheme and Scheme for Sustainable Structuring of Stressed Asset (S4A).

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 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%.

5.3 Country risk

Axis Bank Ltd.

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

5.4 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.

5.5 Foreign currency transactions

Axis Bank Ltd.

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

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

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

5.6 Derivative transactions

Axis Bank Ltd.

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark to Market) and in other liabilities (representing negative Mark to Market (MTM)) on a gross basis . For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. 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 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.

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

5.7 Revenue recognition

Axis Bank Ltd.

Interest income is recognised on an accrual basis in accordance with AS–9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines except in the case of interest income on non-performing assets and loans under Strategic Debt Restructuring (SDR) scheme and Scheme for Sustainable Structuring of Stressed Asset (S4A) of RBI, where it is recognised on receipt basis if overdue for more than 90 days. Income on non-coupon bearing or low-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant yield basis.

Guarantee commission is recognised on a pro-rata basis over the period of the guarantee. Locker rent and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due.

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.

Subsidiaries

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Fee income is recognised on the basis of accrual when all the services are performed.

Interest income is recognised on an accrual basis.

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

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

Axis Capital Limited

Brokerage income in relation to stock broking activity is recognised as per contracted rates at the execution of transactions on behalf of the customers on a trade date basis. Gains/losses on dealing in securities are recognised on a trade date basis.

Revenue from issue management, loan syndication, financial advisory services is recognised based on the stage of completion of assignments and terms of agreement with the client.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds, etc. are recorded on determination of the amount due to the Company, once the allotment of securities are completed.

Axis Trustee Services Limited

Annual Fees for trusteeship services and servicing fees are recognised, on a straight line basis, over the period when services are performed. Initial acceptance fee is recognised as and when the 'Offer Letter' for the services to be rendered is accepted by the customer.

Advisory service fees on family office service are recognised as and when the activities defined in the accepted offer letter are completed.

Axis Asset Management Company Limited

Management fees are recognised on accrual basis at specific rates, applied on the average daily net assets of each scheme. The fees charged are in accordance with the terms of scheme information documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

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.

5.8 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.

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Brokerage

Clawbackable brokerages paid by the Company in advance is charged to the statement of Profit and Loss account over the claw-back period/tenure of the respective scheme. The unamortized portion of the clawbackable brokerage is carried forward as prepaid expense.

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

Brokerage paid on certain PMS products are amortised over the exit load period. Unamortised portion of brokerage is carried forward as prepaid expenses.

5.9 Fixed assets and depreciation/impairment

Group

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

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

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, 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.

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 (net of taxes and transfer to statutory reserve) in accordance with RBI instructions.

5.10 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.

5.11 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.

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

5.12 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.

5.13 Reward points

Axis Bank Ltd.

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

5.14 Taxation

Group

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income tax Act, 1961. In case of overseas subsidiary the local tax laws prevailing in that country are followed. Deferred income taxes 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 assets against liabilities representing current tax and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

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

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

5.15 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.

5.16 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 except where the results are anti-dilutive.

5.17 Employee stock option scheme

Axis Bank Ltd.

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the 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.

5.18 Provisions, contingent liabilities and contingent assets

Group

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

A disclosure of contingent liability is made when there is:

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

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

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

5.19 Cash and cash equivalents

Group

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

18. NOTES

forming part of the consolidated financial statements for the year ended 31 March, 2017

(Currency: In Indian Rupees)

1 Disclosures

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

(₹ in crores)

For the year ended	31 March, 2017	31 March, 2016
Provision for income tax		
- Current tax	5,188.84	4,406.18
- Deferred tax (Refer 1.1.11)	(3,202.06)	(73.80)
	1,986.78	**4,332.38**
Provision for wealth tax	-	(0.05)
Provision for non-performing assets (including bad debts written off and write backs)	11,157.06	3,800.46
Provision for restructured assets/strategic debt restructuring/sustainable structuring	290.53	(61.78)
Provision towards standard assets	364.34	395.7
Provision for depreciation in value of investments	244.18	84.11
Provision for unhedged foreign currency exposure	(13.88)	1.62
Provision for country risk	19.94	-
Provision for other contingencies*	65.74	(501.40)
Total	**14,114.69**	**8,051.04**

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

1.1.2 During the year ended 31 March, 2017, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Perpetual debt	Additional Tier-I	-*	-	8.75%	₹3,500 crores
Subordinated debt	Tier-II	27 May, 2026	120 months	8.50%	₹2,430 crores
Subordinated debt	Tier-II	23 November, 2026	120 months	7.84%	₹1,800 crores

*Call option on expiry of 60 months from the date of allotment

During the year ended 31 March, 2016, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	30 September, 2025	120 months	8.50%	₹1,500 crores

During the year ended 31 March, 2017, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	28 June, 2016	120 months	9.10%	₹104.90 crores
Upper Tier-II	Tier-II	11 August, 2016*	180 months	7.25%	$150 million
Perpetual debt	Tier-I	30 September, 2016*	-	10.05%	₹214.00 crores
Perpetual debt	Tier-I	16 November, 2016*	-	7.17%	$46 million
Upper Tier-II	Tier-II	24 November, 2016*	180 months	9.35%	₹200.00 crores
Upper Tier-II	Tier-II	6 February, 2017*	180 months	9.50%	₹107.50 crores
Subordinated debt	Tier-II	30 March, 2017	120 months	10.10%	₹250.90 crores

* represents call date

During the year ended 31 March, 2016, the Bank redeemed debt instruments eligible for Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	22 March, 2016	120 months	8.75%	₹360 crores
Subordinated debt	Tier-II	22 March, 2016	120 months	8.56%	₹10 crores

1.1.3 Divergence in Asset Classification and Provisioning for NPAs

- The Bank classifies advances into performing and non-performing advances (NPAs) as per the RBI guidelines. NPAs are identified and provided for based on RBI's Prudential Norms on Income Recognition, Asset Classification and Provisioning.

- Based on application of RBI's prudential norms as stated above, the Bank classified and made the prescribed provisions against the NPAs as at the end of 31 March, 2016.

- As part of its Risk Based Supervision exercise for FY 2015-16 completed in Q3 FY 2016-17, the RBI pointed out certain modifications in the Banks' asset classification and provisioning as detailed in the table below:

Sr. No.	Particulars	(₹ in crores)
1	Gross NPAs as on 31 March, 2016, as reported by the Bank	6,087.51
2	Gross NPAs as on 31 March, 2016, as assessed by RBI	15,565.41
3	**Divergence in Gross NPAs (2-1)**	**9,477.90**
4	Net NPAs as on 31 March, 2016, as reported by the Bank	2,522.14
5	Net NPAs as on 31 March, 2016, as assessed by RBI	9,685.24
6	**Divergence in Net NPAs (5-4)**	**7,163.10**
7	Provisions for NPAs as on 31 March, 2016, as reported by the Bank	3,393.37
8	Provisions for NPAs as on 31 March, 2016, as assessed by RBI	5,708.17
9	**Divergence in provisioning (8-7)**	**2,314.80**
10	**Reported Net Profit after Tax (PAT) for the year ended 31 March, 2016**	**8,223.66**
11	**Adjusted (notional) Net Profit after Tax (PAT) for the year ended 31 March, 2016 after taking into account the divergence in provisioning**	**6,687.79**

- The Bank has duly considered the impact of the above in the Financial Statements for the year ended 31 March 2017.

- Of the above:

  - Based on operations in the borrower accounts subsequent to 31 March 2016, accounts with value of ₹5,260 crores were recognized as NPAs in Q1 and Q2 of FY 2016-17, prior to the Risk Based Supervision exercise for 2016.

  - Based on operations in the borrower accounts subsequent to 31 March 2016, accounts with value of ₹1,811 crores were recognized as NPA in Q3 of FY 2016-17.

  - The balance accounts with value of ₹2,408 crores continued to remain standard as on 31 March, 2017 upon resolution of irregularity in those accounts.

NOTES (CONT.)

1.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March, 2017	31 March, 2016
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	3,953.03	8,349.67
Basic weighted average no. of shares (in crores)	238.93	237.73
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	0.94	1.30
Diluted weighted average no. of shares (in crores)	239.87	239.03
Basic EPS (₹)	16.54	35.12
Diluted EPS (₹)	16.48	34.93
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 9,429,479 (previous year 13,010,331) stock options.

1.1.5 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.

239,119,950 options have been granted under the Scheme till the previous year ended 31 March, 2016.

On 26 April, 2016, the Bank granted 7,153,000 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 ₹469.90 per option.

Stock option activity under the Scheme for the year ended 31 March, 2017 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	**35,527,310**	**217.33 to 535.00**	**327.56**	**3.33**
Granted during the year	7,153,000	469.90	469.90	-
Forfeited during the year	(690,050)	217.33 to 535.00	455.72	-
Expired during the year	(74,853)	217.33 to 289.51	257.56	-
Exercised during the year	(12,204,283)	217.33 to 535.00	268.81	-
Outstanding at the end of the year	**29,711,124**	**217.33 to 535.00**	**383.16**	**3.98**
Exercisable at the end of the year	15,934,524	217.33 to 535.00	319.45	2.41

The weighted average share price in respect of options exercised during the year was ₹507.67.

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.

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, 2017	31 March, 2016
Net Profit (as reported) (₹ in crores)	**3,953.03**	**8,349.67**
Add: Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	(101.47)	(103.06)
Net Profit (Proforma) (₹ in crores)	**3,851.56**	**8,246.61**
Earnings per share: Basic (in ₹)		
As reported	16.54	35.12
Proforma	16.12	34.69
Earnings per share: Diluted (in ₹)		
As reported	16.48	34.93
Proforma	16.06	34.51

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, 2017	31 March, 2016
Dividend yield	1.29%	1.40%
Expected life	2.57-4.57 years	2.57-4.57 years
Risk free interest rate	7.15% to 7.39%	7.61% to 7.78%
Volatility	32.92% to 35.75%	34.85% to 36.51%

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, 2017 is ₹153.66 (previous year ₹178.22).

NOTES (CONT.)

1.1.6 Proposed Dividend

The Board of Directors, in their meeting held on 26 April, 2017 have proposed a final dividend of ₹5 per equity share amounting to ₹1,403.99 crores, 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, such proposed dividend has not been recognised as a liability as on 31 March, 2017.

Dividend paid during the year, represents dividend (₹5 per equity share) for the year ended 31 March, 2016 paid pursuant to approval of shareholders at Annual General Meeting held on 22 July, 2016.

1.1.7 Segmental reporting

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

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

Business segments in respect of operations of the subsidiaries have been identified and reported taking into account the customer profile, the nature of product and services and the organisation structure.

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

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

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

Segmental results are set out below:

(₹ in crores)

	31 March, 2017				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	11,684.45	16,364.82	17,125.82	0.00	45,175.09
Other income	4,467.90	3,421.50	3,239.84	1,292.36	12,421.60
Total income as per Profit and Loss Account	**16,152.35**	**19,786.32**	**20,365.66**	**1,292.36**	**57,596.69**
Add/(less) inter segment interest income	48,713.22	5,358.37	18,029.89	-	72,101.48
Total segment revenue	**64,865.57**	**25,144.69**	**38,395.55**	**1,292.36**	**129,698.17**
Less: Interest expense (external customers)	12,531.94	949.39	13,308.00	0.01	26,789.34
Less: Inter segment interest expense	47,974.47	11,937.93	12,188.50	0.58	72,101.48
Less: Operating expenses	465.33	3,521.52	8,398.30	340.48	12,725.63
Operating profit	**3,893.83**	**8,735.85**	**4,500.75**	**951.29**	**18,081.72**
Less: Provision for non-performing assets/others*	1,228.96	10,057.64	841.32	-	12,127.92
Segment result	**2,664.87**	**(1,321.79)**	**3,659.43**	**951.29**	**5,953.80**
Less: Provision for tax					1,986.77
Net Profit before minority interest and earnings from Associate					**3,967.03**
Less: Minority Interest					14.00
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					**3,953.03**
Segment assets	209,880.80	207,804.80	187,276.45	782.46	605,744.51
Unallocated assets					5,717.50
Total assets					**611,462.01**
Segment liabilities	198,146.86	123,007.05	233,695.38	153.95	555,003.24
Unallocated liabilities[1]					78.42
Total liabilities					**555,081.66**
Net assets	**11,733.94**	**84,797.75**	**(46,418.93)**	**628.51**	**56,380.35**
Capital Expenditure for the year	**26.76**	**215.57**	**436.60**	**18.60**	**697.53**
Depreciation on fixed assets for the year	**20.84**	**166.08**	**325.46**	**14.29**	**526.67**

[1] Includes minority interest of ₹61.31 crores
* represents material non-cash items other than depreciation

NOTES (CONT.)

(₹ in crores)

	31 March, 2016				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
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
Total income as per Profit and Loss Account	**13,750.64**	**19,208.64**	**17,322.87**	**1,082.08**	**51,364.23**
Add/(less) inter segment interest income	46,475.49	4,816.81	16,769.97	-	68,062.27
Total segment revenue	**60,226.13**	**24,025.45**	**34,092.84**	**1,082.08**	**1,19,426.50**
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
Operating profit	**3,508.61**	**8,868.14**	**3,274.67**	**757.20**	**16,408.62**
Less: Provision for non-performing assets/others*	189.97	3,014.39	514.29	-	3,718.65
Segment result	**3,318.64**	**5,853.75**	**2,760.38**	**757.20**	**12,689.97**
Less: Provision for tax					4,332.38
Net Profit before minority interest and earnings from Associate					**8,357.59**
Less: Minority Interest					7.92
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					**8,349.67**
Segment assets	189,206.69	197,317.53	156,752.54	677.50	543,954.26
Unallocated assets					2,432.35
Total assets					**546,386.61**
Segment liabilities	186,143.85	93,135.46	213,406.72	84.98	492,771.01
Unallocated liabilities[1]					56.84
Total liabilities					**492,827.85**
Net assets	**3,062.84**	**104,182.07**	**(56,654.18)**	**592.52**	**53,558.76**
Capital Expenditure for the year	**60.37**	**418.83**	**874.63**	**29.84**	**1,383.67**
Depreciation on fixed assets for the year	**21.03**	**140.53**	**288.42**	**11.41**	**461.39**

[1] Includes minority interest of ₹39.05 crores
* represents material non-cash items other than depreciation

Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2017	31 March, 2016	31 March, 2017	31 March, 2016	31 March, 2017	31 March, 2016
Revenue	54,750.01	48,466.41	2,846.68	2,897.82	**57,596.69**	**51,364.23**
Assets	551,877.12	488,567.02	59,584.89	57,819.59	**611,462.01**	**546,386.61**
Capital Expenditure for the year	696.65	1,378.32	0.88	5.35	**697.53**	**1,383.67**
Depreciation on fixed assets for the year	521.32	452.92	5.35	8.47	**526.67**	**461.39**

1.1.8 Related party disclosure

The related parties of the Group are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters.

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

b) Key Management Personnel

- Ms. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. V. Srinivasan (Deputy Managing Director)
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)] with effect from 4 August, 2016
- Mr. Rajiv Anand [Executive Director (Retail Banking)] with effect from 4 August, 2016
- Mr. Sanjeev K. Gupta [Executive Director (Corporate Centre)] upto 18 March, 2016

c) Relatives of Key Management Personnel

Mr. Sanjaya Sharma, Ms. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Ms. Gayathri Srinivasan, Ms. Vanjulam Varadarajan, Mr. V. Satish, Ms. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Ms. Mallika Dahiya, Ms. Jal Medha, Ms. Pooja Rathi, Mr. Jai Prakash Dahiya.

The significant transactions between the Bank and related parties during the year ended 31 March, 2017 and 31 March, 2016 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 ₹137.42 crores (previous year ₹126.43 crores), Life Insurance Corporation of India ₹174.43 crores (previous year ₹130.91 crores)
- Interest paid: Administrator of The Specified Undertaking of the Unit Trust of India ₹73.12 crores (previous year ₹70.97 crores), Life Insurance Corporation of India ₹543.21 crores (previous year ₹530.85 crores)
- Interest received: Life Insurance Corporation of India ₹1.48 crores (previous year ₹0.37 crores) and New India Assurance Company Ltd. ₹0.13 crores (previous year ₹0.01 crores), Mr. Rajiv Anand ₹0.54 crores (previous year not applicable)
- Investment in non-equity instruments of related party: National Insurance Company Ltd. ₹110.00 crores (previous year Nil)
- Investment of related party in the Bank: Ms. Shikha Sharma ₹29.66 crores (previous year ₹16.08 crores), Mr. V. Srinivasan ₹12.03 crores (previous year ₹11.52 crores), Mr. Sanjeev K. Gupta N.A. (previous year ₹11.43 crores)

NOTES (CONT.)

- Investment of related party in bonds of the Bank: Life Insurance Corporation of India ₹1,000 crores (previous year Nil)
- Redemption of debt: Life Insurance Corporation of India Nil (previous year ₹50.00 crores), General Insurance Corporation ₹50.00 crores (previous year Nil), United India Insurance ₹20.00 crores (previous year Nil)
- Sale of Investments: General Insurance Corporation of India ₹390.00 crores (previous year ₹195.00 crores), New India Assurance Company Ltd. ₹200.00 crores (previous year Nil), National Insurance Company Ltd. ₹50.00 crores (previous year ₹80.12 crores), United India Insurance Company Ltd. ₹55.09 crores (previous year ₹50.00 crores)
- Management Contracts: Ms. Shikha Sharma ₹5.42 crores (previous year ₹5.37 crores), Mr. V. Srinivasan ₹3.36 crores (previous year ₹3.39 crores), Mr. Rajiv Anand ₹1.50 crores (previous year not applicable) Mr. Sanjeev K. Gupta N.A. (previous year ₹4.41 crores)
- Contribution to employee benefit fund: Life Insurance Corporation of India ₹15.75 crores (previous year ₹15.67 crores)
- Placement of Deposit by the Bank (net): Life Insurance Corporation of India Nil (previous year ₹0.08 crores)
- Advance granted (net): Life Insurance Corporation of India Ltd. ₹0.67 crores (previous year ₹1.05 crores)
- Advance repaid: Ms. Shikha Sharma ₹0.04 crores (previous year ₹0.04 crores), Mr. Rajesh Dahiya ₹0.16 crores (previous year not applicable), Mr. Sanjeev K. Gupta N.A. (previous year ₹0.62 crores)
- Receiving of services: Oriental Insurance Company Ltd. ₹75.00 crores (previous year ₹57.88 crores), New India Assurance Company Ltd. ₹18.09 crores (previous year ₹14.39 crores)
- Rendering of services: Life Insurance Corporation of India ₹1.45 crores (previous year ₹2.03 crores), Oriental Insurance Company Ltd. ₹0.61 crores (previous year ₹0.47 crores), New India Assurance Company Ltd. ₹0.37 crores (previous year ₹0.26 crores)
- Other reimbursement to related party: Life Insurance Corporation of India ₹0.41 crores (previous year ₹0.40 crores)

The details of transactions of the Bank with its related parties during the year ended 31 March, 2017 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	354.69	0.70	-	**355.39**
Interest paid	666.31	0.14	0.16	**666.61**
Interest received	1.61	0.55	-	**2.16**
Investment in non-equity instrument of related party	110.00	-	-	**110.00**
Investment of related party in the Bank	-	46.45	-	**46.45**
Investment of related party in Hybrid capital/Bonds of the Bank	1,050.00	-	-	**1,050.00**
Redemption of Hybrid capital/Bonds of the Bank	70.00	-	-	**70.00**
Purchase of investments	-	-	-	**-**
Sale of investments	758.78	3.52	0.11	**762.41**
Management contracts	-	11.35	-	**11.35**
Contribution to employee benefit fund	15.75	-	-	**15.75**
Purchase of fixed assets	-	-	-	**-**
Sale of fixed assets	-	-	-	**-**
Placement of deposits	-	-	-	**-**

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Repayment of deposits	-	-	-	-
Non-funded commitments (issued)	0.05	-	-	0.05
Advance granted (net)	0.67	-	-	0.67
Advance repaid	-	0.20	-	0.20
Receiving of services	100.67	-	-	100.67
Rendering of services	2.43	0.05	-	2.48
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.41	-	-	0.41

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2017 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	7,951.11	1.90	2.99	7,956.00
Placement of deposits	0.38	-	-	0.38
Advances	13.57	10.35	0.02	23.94
Investment in non-equity instruments of related party	56.10	-	-	56.10
Investment of related party in the Bank	137.76	0.41	-	138.17
Non-funded commitments	3.14	-	-	3.14
Investment of related party in Hybrid capital/ Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	0.81	-	0.81
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2017 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	9,003.33	10.82	3.53	9,017.68
Placement of deposits	0.38	-	-	0.38
Advances	25.70	10.52	0.08	36.30
Investment of related party in the Bank	141.89	0.41	-	142.30
Investment in non-equity instrument of the Bank	110.00	-	-	110.00
Non-funded commitments	3.21	-	-	3.21
Investment of related party in Hybrid Capital/Bonds of the Bank	4,355.00	-	-	4,355.00
Payable under management contracts	-	1.37	-	1.37
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

NOTES (CONT.)

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	Total
Dividend paid	299.18	0.40	-	**299.58**
Interest paid	644.89	0.07	0.32	**645.28**
Interest received	0.38	0.03	-	**0.41**
Investment of related party in the Bank	-	39.03	-	**39.03**
Redemption of Hybrid capital/Bonds of the Bank	50.00	-	-	**50.00**
Purchase of investments	-	-	-	**-**
Sale of investments	325.12	-	-	**325.12**
Management contracts	-	13.18	-	**13.18**
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 (issued)	0.13	-	-	**0.13**
Advance granted (net)	1.05	-	-	**1.05**
Advance repaid	-	0.66	-	**0.66**
Receiving of services	79.24	-	-	**79.24**
Rendering of services	2.76	0.03	-	**2.79**
Other reimbursements from related party	-	-	-	**-**
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	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 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 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)	-	-	-	**-**

1.1.9 Leases

Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, electronic data capturing machines and IT equipment.

(₹ in crores)

	31 March, 2017	31 March, 2016
Future lease rentals payable as at the end of the year:		
- Not later than one year	700.14	672.00
- Later than one year and not later than five years	2,175.20	2,136.83
- Later than five years	1,470.68	1,280.66
Total of minimum lease payments recognised in the Profit and Loss Account for the year	775.78	511.36

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.

1.1.10 Other Fixed Assets (including furniture & fixtures)

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

(₹ in crores)

Particulars	31 March, 2017	31 March, 2016
At cost at the beginning of the year	887.14	741.94
Additions during the year	213.39	148.17
Deductions during the year	(0.04)	(2.97)
Accumulated depreciation as at 31 March	(719.32)	(582.79)
Closing balance as at 31 March	**381.17**	**304.35**
Depreciation charge for the year	136.56	107.57

NOTES (CONT.)

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

(₹ in crores)

As at	31 March, 2017	31 March, 2016
Deferred tax assets on account of provisions for doubtful debts	4,739.05	1,715.49
Deferred tax assets on account of amortisation of HTM investments	12.80	26.33
Deferred tax assets on account of provision for employee benefits	98.36	74.25
Deferred tax assets on account of other items	**314.77**	**327.50**
Deferred tax assets	5,164.98	2,143.57
Deferred tax liability on account of depreciation on fixed assets	92.01	48.64
Deferred tax liabilities on account of other items	1.11	126.69
Deferred tax liabilities	**93.12**	**175.33**
Net deferred tax asset	**5,071.86**	**1,968.24**

1.1.12 Employee Benefits

Group

Provident Fund

The contribution to the employee's provident fund (including Employee Pension Scheme) of the Group amounted to ₹154.12 crores for the year ended 31 March, 2017 (previous year ₹130.35 crores).

Axis Bank Ltd.

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date for the Bank.

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

Profit and Loss Account

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Current Service Cost	76.80	65.55
Interest on Defined Benefit Obligation	115.68	99.45
Expected Return on Plan Assets	(135.93)	(117.69)
Net Actuarial Losses/(Gains) recognised in the year	20.25	18.25
Total included in "Employee Benefit Expense" [Schedule 16(I)]	**76.80**	**65.56**
Actual Return on Plan Assets	136.51	99.04

Balance Sheet

Details of provision for provident fund

(₹ in crores)

	31 March, 2017	31 March, 2016
Fair Value of Plan Assets	1,687.15	1,437.90
Present Value of Funded Obligations	(1,687.15)	(1,437.90)
Net Asset	-	-
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset (included under Schedule 11 – Other Assets)	-	-

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1,437.90	1,240.83
Current Service Cost	76.80	65.55
Interest Cost	115.68	99.45
Actuarial Losses/(Gains)	20.83	12.08
Employees Contribution	181.16	160.81
Liability transferred from/to other companies	(22.88)	(11.96)
Benefits Paid	(122.34)	(128.86)
Closing Defined Benefit Obligation	**1,687.15**	**1,437.90**

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	1,437.90	1,240.83
Expected Return on Plan Assets	135.93	117.69
Actuarial Gains/(Losses)	0.58	(6.16)
Employer contribution during the period	76.80	65.55
Employee contribution during the period	181.16	160.81
Assets transferred from/to other companies	(22.88)	(11.96)
Benefits Paid	(122.34)	(128.86)
Closing Fair Value of Plan Assets	**1,687.15**	**1,437.90**

Experience adjustments*

(₹ in crores)

	31 March, 2017	31 March, 2016	31 March, 2015	31 March,2014
Defined Benefit Obligations	1,687.15	1,437.90	1,240.83	1,013.25
Plan Assets	1,687.15	1,437.90	1,240.83	1,013.25
Surplus/(Deficit)	-	-	-	-
Experience Adjustments on Plan Liabilities	20.83	12.08	(1.78)	53.03
Experience Adjustments on Plan Assets	0.58	(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, 2017 %	31 March, 2016 %
Government securities	53.74	53.04
Bonds, debentures and other fixed income instruments	31.81	30.74
Equity shares	1.66	-
Others	12.79	16.22

Principal actuarial assumptions at the balance sheet date:

	31 March, 2017	31 March, 2016
Discount rate for the term of the obligation	7.40%	7.95%
Average historic yield on the investment portfolio	9.11%	9.01%
Discount rate for the remaining term to maturity of the investment portfolio	6.93%	7.94%
Expected investment return	9.58%	9.02%
Guaranteed rate of return	8.65%	8.75%

Superannuation

The Bank contributed ₹15.69 crores to the employee's superannuation plan for the year ended 31 March, 2017 (previous year ₹15.61 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, 2017				
	Axis Bank Ltd.	Axis Capital Ltd.	Axis Securities Ltd.	Axis Asset Management Company Ltd.	Axis Finance Ltd.
Actuarial liability – Privilege Leave	247.46	0.11	0.27	0.62	0.15
Total Expense included under Schedule 16 (I)	79.87	0.12	0.36	0.28	0.07
Assumptions					
Discount rate	7.40% p.a.	6.82% p.a.	6.15% p.a.	6.82% p.a.	7.39% 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.

(₹ 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
Total Expense included under Schedule 16 (I)	34.49	-*	(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

Group

Gratuity

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

Profit and Loss Account

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Current Service Cost	34.52	31.68
Interest on Defined Benefit Obligation	21.19	18.94
Expected Return on Plan Assets	(18.84)	(16.42)
Net Actuarial Losses/(Gains) recognised in the year	26.79	9.51
Past Service Cost	0.36	-
Total included in "Employee Benefit Expense" [Schedule 16(I)]	**64.02**	**43.71**
Actual Return on Plan Assets	17.17	11.14

Balance Sheet

Details of provision for gratuity

(₹ in crores)

	31 March, 2017	31 March, 2016
Present Value of Funded Obligations	(298.44)	(244.85)
Present Value of un-funded Obligations	(3.01)	(1.99)
Fair Value of Plan Assets	290.10	243.00
Net (Liability)/Asset	**(11.35)**	**(3.84)**
Amounts in Balance Sheet		
Liabilities (included under Schedule 5 – Other Liabilities)	(11.35)	(3.85)
Assets (included under Schedule 11 – Other Assets)	-	0.01
Net (Liability)/Asset	**(11.35)**	**(3.84)**

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	246.84	219.95
Current Service Cost	34.52	31.68
Interest Cost	21.19	18.94
Actuarial Losses/(Gains)	25.11	4.23
Past Service Cost	0.19	-
Liabilities transferred in	0.17	-
Benefits Paid	(26.57)	(27.96)
Closing Defined Benefit Obligation	**301.45**	**246.84**

NOTES (CONT.)

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Opening Fair Value of Plan Assets	243.00	219.26
Expected Return on Plan Assets	18.84	16.42
Actuarial Gains/(Losses)	(1.68)	(5.28)
Contributions by Employer	56.52	40.38
Benefits Paid	(26.57)	(27.78)
Closing Fair Value of Plan Assets	**290.11**	**243.00**

Experience adjustments

(₹ in crores)

	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014	31 March, 2013
Defined Benefit Obligations	301.45	246.84	219.95	168.99	147.25
Plan Assets	290.11	243.00	219.26	171.76	152.17
Surplus/(Deficit)	(11.34)	(3.84)	(0.69)	2.77	4.92
Experience Adjustments on Plan Liabilities	7.09	2.98	0.76	7.45	4.66
Experience Adjustments on Plan Assets	(1.68)	(5.28)	1.39	2.30	2.07

Axis Bank Ltd.

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

	31 March, 2017 %	31 March, 2016 %
Government securities	37.30	49.15
Bonds, debentures and other fixed income instruments	47.98	39.34
Money market instruments	8.66	5.69
Equity shares	3.52	2.62
Others	2.54	3.20

Principal actuarial assumptions at the balance sheet date:

	31 March, 2017	31 March, 2016
Discount Rate	7.40% p.a.	7.95% 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)	20.00%	19.00%
- 31 to 44 (age in years)	10.00%	8.00%
- 45 to 59 (age in years)	5.00%	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.

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

Axis Capital Ltd.

	31 March, 2017	31 March, 2016
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, 2017	31 March, 2016
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.82% p.a.	7.85% p.a.
Expected rate of Return on Plan Assets	6.82% p.a.	7.85% 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 ₹1.36 crores as gratuity in the year 2017-18 (previous year ₹0.26 crores).

Axis Asset Management Company Ltd.

	31 March, 2017	31 March, 2016
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.82% p.a.	8.00% 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, 2017	31 March, 2016
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, 2017	31 March, 2016
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.15% p.a.	7.20% p.a.
Expected rate of Return on Plan Assets	7.00% p.a.	7.20% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	7.00%	7.00%

NOTES (CONT.)

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

The Company expects to contribute ₹1.50 crore as gratuity in the year 2017-18 (previous year ₹ 1.00 crores)

Axis Finance Ltd.

	31 March, 2017	31 March, 2016
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, 2017	31 March, 2016
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.39% p.a.	7.96% p.a.
Expected rate of Return on Plan Assets	7.39% p.a.	7.96% 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, 2017	31 March, 2016
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.85% p.a.	7.38% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	10.00% p.a.	15.00% p.a.
Employee Turnover	20.00%	30.00%

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.

1.1.13 Provisions and contingencies

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Opening balance at the beginning of the year	39.82	24.80
Additions during the year	23.47	15.78
Reductions on account of payments during the year	-	-
Reductions on account of reversals during the year	(3.89)	(0.76)
Closing balance at the end of the year	**59.40**	**39.82**

b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

(₹ in crores)

	31 March, 2017	31 March, 2016
Opening provision at the beginning of the year	127.38	83.19
Provision made during the year	32.17	62.14
Reductions during the year	(49.10)	(17.95)
Closing provision at the end of the year	**110.45**	**127.38**

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

(₹ in crores)

	31 March, 2017	31 March, 2016
Opening provision at the beginning of the year	539.09	1,058.68
Provision made during the year	1,036.59	1,342.21
Reductions during the year	(980.06)	(1,861.80)
Closing provision at the end of the year	**595.62**	**539.09**

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

1.1.14 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 ₹26.61 crores as on 31 March, 2017 (previous year ₹26.00 crores) towards claims assessed as probable.

b) Liability on account of forward exchange and derivative contracts

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

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.

NOTES (CONT.)

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.

1.1.15 Disclosure on Specified Bank Notes (SBNs)

As advised by RBI, the disclosure on SBNs as required in accordance with notification of Ministry of Corporate Affairs dated 30 March, 2017 is not applicable to banks. Accordingly, the same has not been disclosed.

1.1.16 Comparative Figures

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

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Samir K. Barua Director	**S. Vishvanathan** Director	**Rakesh Makhija** Director	**Shikha Sharma** Managing Director & CEO
Date : 26 April, 2017 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, 2017								
	Axis Capital Ltd.	Axis Private Equity Ltd.	Axis Trustee Services Ltd.	Axis Mutual Fund Trustee Ltd.	Axis Asset Management Company Ltd.	Axis Bank UK Ltd.@	Axis Finance Ltd.	Axis Securities Ltd.	A. Treds Limited
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.	N.A.	N.A.	USD (US$ 1 = ₹64.85)	NA	NA	NA
Share capital	73.50	1.50	1.50	0.05	210.11	356.68	418.25	144.50	25.00
Reserves & surplus	337.59	2.62	53.43	0.23	2.84	121.68	458.13	82.84	(0.76)
Total assets (Fixed Assets + Investments + Other Assets)	1,198.81	4.20	67.27	0.36	373.88	5,334.97	5,275.56	448.38	25.48
Total liabilities (Deposits + Borrowings + Other Liabilities + Provision)	787.72	0.08	12.34	0.08	160.93	4,856.61	4,399.18	221.04	1.24
Investments	147.07	-	2.25	0.31	147.75	977.04	380.00	-	-
Turnover (Total Income)	343.65	0.21	36.21	0.37	530.97	210.32	575.40	756.13	1.25
Profit/(Loss) before taxation	172.15	(0.34)	26.49	0.07	57.99	64.84	253.30	78.64	(0.76)
Provision for taxation	58.93	-	9.25	0.02	1.03	14.07	88.04	27.14	-
Profit/(Loss) after taxation	113.22	(0.34)	17.24	0.05	56.96	50.77	165.26	51.50	(0.76)
Proposed Dividend and Tax (including cess thereon)	-	-	14.89	-	-	-	-	-	-
% of shareholding	100%	100%	100%	75%	75%	100%	100%	100%	67%

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, 2017.

As on 31 March 2017, Axis Securities Europe Ltd., a wholly-owned subsidiary of the Bank in the United Kingdom has opted for voluntary winding up and the same is under process.

@ Asset/Liability items are stated in INR equivalent of USD ($1 = ₹64.85 as on 31 March, 2017). Profit and loss items reported in INR based on rates prevailing on the date of transactions.

1. Names of subsidiaries which are yet to commence operations: **A.Treds Limited**

2. Names of subsidiaries which have been liquidated or sold during the year: **Nil**

Part "B": Associates and Joint Ventures - Not Applicable

DISCLOSURES UNDER BASEL III

Capital Regulations (Consolidated) for the year ended 31 March, 2017

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
A.Treds Limited/ India	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21- Consolidated Financial Statements	NA	NA

* NA – Not Applicable

As on 31 March, 2017, Axis Securities Europe Ltd. a wholly-owned subsidiary of the Bank in United Kingdom has opted for voluntary winding up and the same is under process.

There are no group entities that are not considered for consolidation under both the accounting scope of consolidation and regulatory scope of consolidation.

(ii) Quantitative Disclosures

The list of group entities considered for consolidation as on 31 March, 2017 is given below:

(Amt. in millions)

Name of the Entity/Country of Incorporation	Principal Activity of the Entity	Total Balance Sheet Equity*	Total Balance Sheet Assets
Axis Asset Management Company Limited/India	Asset Management company for Axis Mutual Fund	₹2,101	₹3,739
Axis Bank UK Limited/UK	Retail Banking, Corporate Banking, Commercial Banking and Treasury Services	₹3,567 (USD 55)	₹53,350 (USD 823)
Axis Capital Limited/India	Merchant Banking, Institutional Broking and Investment Banking Business	₹735	₹11,988
Axis Finance Limited/India	Non-Banking Financial activities	₹4,183	₹52,756
Axis Mutual Fund Trustee Limited/India	Trustee company for Axis Mutual Fund	₹1	₹4
Axis Private Equity Limited/India	Managing investments, venture capital funds and off-shore funds	₹15	₹42
Axis Securities Limited/India	Marketing of Retail Asset Products, Credit Cards and Retail Broking	₹1,445	₹4,484
Axis Trustee Services Limited/India	Trusteeship services	₹15	₹673
A.Treds Limited/India	Setting up institutional mechanism to facilitate financing of trade receivables of MSME	₹250	₹255

* Paid up Equity Capital

Note -

There is no capital deficiency in any subsidiary, which is not included in the regulatory scope of consolidation.

As on 31 March, 2017, the Bank does not have controlling interest in any insurance entity.

There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

II. CAPITAL ADEQUACY

The Bank is subject to the capital adequacy guidelines stipulated by RBI, which are based on the framework of the Basel Committee on Banking Supervision. As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB) as on 31 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, 2017 is 10.25% with minimum Common Equity Tier 1 (CET1) of 6.75% (including CCB of 1.25%).

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, 2017 is presented below:

DISCLOSURES UNDER BASEL III (CONT.)

(₹ in millions)

Capital Requirements for various Risks	Amount
CREDIT RISK	
Capital requirements for Credit Risk	
- Portfolios subject to standardized approach	365,843
- Securitisation exposures	-
MARKET RISK	
Capital requirements for Market Risk	
- Standardised duration approach	31,591
- Interest rate risk	24,722
- Foreign exchange risk (including gold)	311
- Equity risk	6,558
OPERATIONAL RISK	
Capital requirements for Operational risk	
- Basic indicator approach	38,869

Capital requirement has been computed at 9% of RWA

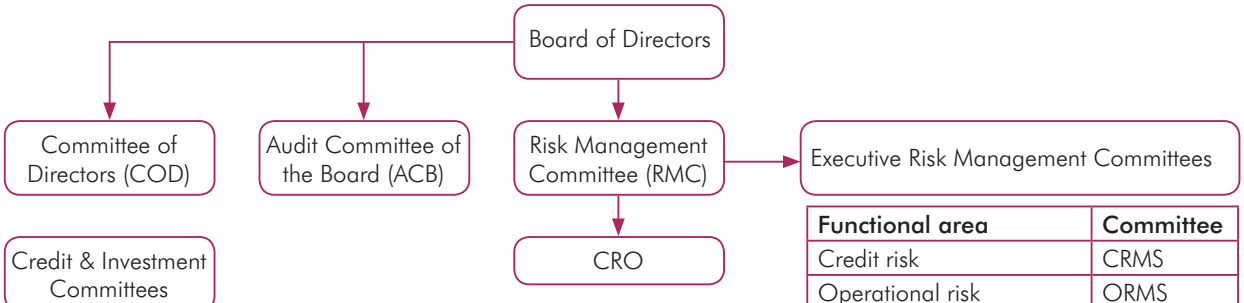
Capital Adequacy Ratios	Consolidated	Standalone
Common Equity Tier - 1 CRAR	11.25%	11.13%
Tier - 1 CRAR	11.97%	11.87%
Total CRAR	15.01%	14.95%

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:



Functional area	Committee
Credit risk	CRMS
Operational risk	ORMS
Market risk, Liquidity risk	ALCO
Subsidiary risk	SGC
Reputation risk	RRMC
Business continuity risk	BCPMC
Outsourcing risk	COC
Info Security risk	ISSC

The Bank has put in place policies relating to management of credit risk, market risk, operational risk, information security risk, reputation risk, subsidiary risk and asset-liability both for the domestic as well as overseas operations along with overseas subsidiaries as per the respective host regulatory requirements and business needs. The overseas policies are drawn based on the risk perceptions of these economies and the Bank's risk appetite.

The Bank has formulated a comprehensive Stress Testing Policy to measure impact of adverse stress scenarios on the adequacy of capital. The stress scenarios are idiosyncratic, market wide and a combination of both.

Structure and Organisation

The Chief Risk Officer reports to the Managing Director and CEO. The Risk Management Committee of the Board oversees the functioning of the Department. The Department has separate teams for individual components of risk i.e. Credit Risk, Market Risk (including Treasury Mid Office), Operational Risk, Enterprise Risk, Risk Analytics, Risk Data Management and Information Security Risk. These teams report to the Chief Risk Officer.

IV. CREDIT RISK

Credit risk refers to the deterioration in the credit quality of the borrower or the counter-party adversely impacting the financial performance of the Bank. The losses incurred by the Bank in a credit transaction could be due to inability or wilful default of the borrower in honouring the financial commitments to the Bank. The Bank is exposed to credit risk through lending and capital market activities.

Credit Risk Management Policy

The Board of Directors establishes parameters for risk appetite which are defined through strategic businesses plan as well as the Corporate Credit Policy. Credit Risk Management Policy lays down the roles and responsibilities, risk appetite, key processes and reporting framework. Corporate credit is managed through rating of borrowers and the transaction, thorough due diligence through an appraisal process alongside risk vetting of individual exposures at origination and thorough periodic review (including portfolio review) after sanctioning. Retail credit to individuals and small business is managed through definition of product criteria, appropriate credit filters and subsequent portfolio monitoring.

Credit Rating System

The foundation of credit risk management rests on the internal rating system. Rating linked single borrower exposure norms, delegation of powers and review frequency have been adopted by the Bank. The Bank has developed rating tools specific to market segments such as large and mid-corporates, SME, financial companies, microfinance companies and project finance to objectively assess underlying risk associated with such exposures.

The credit rating model uses a combination of quantitative and qualitative inputs to arrive at a 'point-in-time' view of the risk profile of counterparty. Each internal rating grade corresponds to a distinct probability of default over one year. Expert scorecards are used for various SME schematic products and retail agriculture schemes. Statistical application and behavioural scorecards have been developed for all major retail portfolios.

The Bank recognises cash, central/state government, bank and corporate guarantees, exclusive mortgage of properties and lease rental securitisation for the purpose of credit enhancement to arrive at a facility rating.

Model validation is carried out annually by objectively assessing the discriminatory power, calibration accuracy and stability of ratings. The Bank has completed the estimation and validation of PD, LGD and CCF models for corporate and retail portfolios.

Credit Sanction and Related Processes

The guiding principles behind the credit sanction process are as under:

- 'Know Your Customer' is a leading principle for all activities.
- The acceptability of credit exposure is primarily based on the sustainability and adequacy of borrower's normal business operations and not based solely on the availability of security.

DISCLOSURES UNDER BASEL III (CONT.)

The Bank has put in place a hierarchical committee structure based on the size and rating of the exposures for credit sanction and review; with sanctioning authority rested with higher level committees for larger and lesser rated exposures. Committee of Directors (COD) is the topmost committee in the hierarchy which is a sub-committee of the Board.

All management level sanctioning committees require mandatory presence of a representative from Risk Department for quorum.

Review and Monitoring

- All credit exposures, once approved, are monitored and reviewed periodically against the approved limits. Borrowers with lower credit rating are subject to more frequent reviews.
- Credit audit involves independent review of credit risk assessment, compliance with internal policies of the Bank and with the regulatory framework, compliance of sanction terms and conditions and effectiveness of loan administration.
- Customers with emerging credit problems are identified early and classified accordingly. Remedial action is initiated promptly to minimize the potential loss to the Bank.

Concentration Risk

The Bank manages concentration risk by means of appropriate structural limits and borrower-wise limits based on credit-worthiness. Credit concentration in the Bank's portfolios is monitored for the following:

- Large exposures to the individual clients or group: The Bank has individual borrower-wise exposure ceilings based on the internal rating of the borrower as well as group-wise borrowing limits which are continuously tracked and monitored.
- Geographic concentration for real estate exposures.
- Concentration by Industry: Industry analysis plays an important part in assessing the concentration risk within the loan portfolio. Industries are classified into various categories based on factors such as demand-supply, input related risks, government policy stance towards the sector and financial strength of the sector in general. Such categorization is used in determining the expansion strategy for the particular industry.

Portfolio Management

Portfolio level risk analytics and reporting to senior management examines optimal spread of risk across various rating classes, undue risk concentration across any particular industry segments and delinquencies. Borrowers or portfolios are marked for early warning when signs of weakness or financial deterioration are envisaged in order that timely remedial actions may be initiated. In-depth sector specific studies are undertaken on portfolios vulnerable to extraneous shocks and the results are shared with the business departments. The Bank has a well-defined stress testing policy in place and periodic stress testing is undertaken on various portfolios to gauge the impact of stress situations on the health of portfolio, profitability and capital adequacy.

Retail lending portfolio is the blended mix of Consumer Lending and Retail Rural Lending Portfolios. Secured products (like mortgage, wheels business) commands a major share of the Consumer Lending Portfolio, as the Bank continues to grow the unsecured lending book (personal loans and credit card business) albeit with prudent underwriting practice. The Bank has developed a robust risk management framework at each stage of retail loan cycle i.e. loan acquisition, underwriting and collections.

Underwriting strategy relies on extensive usage of analytical scoring models which also takes inputs from bureau. The Bank uses 'Rules Engine' which helps customise business rules thereby aiding in faster decision making without compromising on the underlying risks. Senior Management takes note of movement and direction of risk reported through information published on structured dashboards.

Definitions and Classification of Non-Performing Assets

Advances are classified into performing and non-performing assets (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 an 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, 2017

(₹ in millions)

	Domestic (Outstanding)	Overseas (Outstanding)	Total
Fund Based	5,164,546	594,638	5,759,184
Non Fund Based *	1,059,702	90,135	1,149,837
Total	**6,224,248**	**684,773**	**6,909,021**

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

DISCLOSURES UNDER BASEL III (CONT.)

Distribution of Credit Risk Exposure by Industry Sector – Position as on 31 March, 2017

(₹ in millions)

Industry Classification	Fund Based (Outstanding)	Non-Fund Based (Outstanding)
Banking and Finance*	489,980	168,835
Infrastructure (excluding Power)	232,289	233,496
Engineering	82,418	183,728
Power Generation & Distribution	197,939	50,829
Trade	181,224	56,612
Chemicals and Chemical products	118,012	48,330
Metal and Metal Products	128,164	34,078
Commercial Real Estate	141,652	12,428
Iron and Steel	112,322	32,239
Petroleum, Coal Products and Nuclear Fuels	48,327	93,059
NBFCs	86,748	19,294
Food Processing	93,251	4,348
Construction	29,986	40,655
Professional Services	63,087	3,834
Cement and Cement Products	48,102	13,251
Cotton Textiles	45,160	2,887
Computer Software	25,953	20,891
Rubber, Plastic and their Products	30,374	5,283
Shipping Transportation & Logistics	31,102	3,499
Vehicles, Vehicle Parts and Transport Equipment	28,609	5,452
Mining and Quarrying (including Coal)	30,213	967
Other Textiles	26,689	3,272
Entertainment & Media	16,593	10,344
Edibile oils and Vanaspati	7,274	16,274
Other Industries	245,674	48,136
Residual Exposures	3,218,042	37,816
- of which Other Assets	185,998	-
- of which Banking Book Investments	808,152	-
- of which Retail, Agriculture & Others	2,223,892	-
Total	**5,759,184**	**1,149,837**

* includes Cash, Balances with RBI and Balances with banks and money at call and short notice

As on 31 March, 2017, 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	10%
2.	Infrastructure (excluding Power)	7%

Residual Contractual Maturity Breakdown of Assets – Position as on 31 March, 2017[1]

(₹ in millions)

Maturity Bucket	Cash	Balances with RBI	Balances with other banks[2]	Investments	Advances	Fixed Assets	Other assets
1day	63,579	92,741	14,963	190,388	47,534	-	4,017
2 to 7 days	-	6,604	155,435	47,043	31,128	-	23,368
8 to 14 days	-	3,440	1,167	20,563	24,972	-	22,403
15 to 30 days	-	4,969	1,643	27,775	116,657	-	51,243
31 days to 2 months	-	6,311	1,339	40,036	78,497	-	9,974
Over 2 months and upto 3 months	-	6,690	1,720	40,659	106,781	-	5,335
Over 3 months and upto 6 months	-	14,721	9,716	85,692	198,107	-	25,242
Over 6 months and upto 12 months	-	22,547	22,959	148,120	246,286	-	64,173
Over 1 year and upto 3 years	-	18,616	136	141,058	667,553	-	35,543
Over 3 years and upto 5 years	-	3,559	6	74,848	497,708	9	48,404
Over 5 years	-	64,802	-	488,294	1,797,192	38,130	179,609
Total	**63,579**	**245,000**	**209,084**	**1,304,476**	**3,812,415**	**38,139**	**469,311**

1. Intra-group adjustments are excluded
2. Including money at call and short notice

Movement of NPAs (including NPIs) – Position as on 31 March, 2017

(₹ in millions)

Particulars		
A.	**Amount of NPAs (Gross)**	212,805
	- Substandard	58,394
	- Doubtful 1	54,569
	- Doubtful 2	42,045
	- Doubtful 3	4,716
	- Loss	53,081
B.	**Net NPAs**	86,266
C.	**NPA Ratios**	
	- Gross NPAs (including NPIs) to gross advances	5.42%
	- Net NPAs (including NPIs) to net advances	2.26%
D.	**Movement of NPAs (Gross)**	
	- Opening balance as on 1 April, 2016	60,875
	- Additions	217,818
	- Reductions	(65,888)
	- Closing balance as on 31 March, 2017	212,805

DISCLOSURES UNDER BASEL III (CONT.)

Movement of Specific & General Provision – Position as on 31 March, 2017

(₹ in millions)

Movement of Provisions	Specific Provisions	General Provisions
- Opening balance as on 1 April, 2016	36,000	21,492
- Provision made in 2016-17[1][2]	105,834	3,401
- Write-offs	(18,301)	-
- Write-back of excess provision	(552)	-
- Closing balance as on 31 March, 2017	122,981	24,893

1. Includes release of specific provision of ₹895 million on account of exchange rate fluctuation
2. Includes impact of exchange rate fluctuation of ₹96 million in general provisions

Details of write-offs and recoveries that have been booked directly to the income statement – for the year ending 31 March, 2017

(₹ in millions)

Write-offs that have been booked directly to the income statement	2,731
Recoveries that have been booked directly to the income statement	1,819

NPIs and Movement of Provision for Depreciation on Investments – Position as on 31 March, 2017

(₹ in millions)

A.	Amount of Non-Performing Investments	12,348
B.	Amount of Provision held for Non-performing investments	9,609
C.	Movement of provision for depreciation on investments	
	- Opening balance as on 1 April, 2016	2,226
	- Provision made in 2016-17	3,163
	- Write-offs/Write-back of excess provision	(1,290)
	- Closing balance as on 31 March, 2017	4,099

Breakup of NPA by major industries – Position as on 31 March, 2017

(₹ in millions)

Particulars	Gross NPA	Specific Provision
Iron and Steel	41,044	13,425
Infrastructure (excluding Power)	29,262	16,394
Professional services	16,871	12,631
Commercial real estate	10,941	7,610
Engineering	10,544	5,807
Power Generation & Distribution	6,303	2,004
Trade	6,043	2,330
Chemicals and chemical products	4,071	2,578
Food Processing	3,634	1,583
Banking and Finance	1,882	1,818
Petroleum coal products and nuclear fuels	1,231	741
Other metal and metal products	796	775
Construction	773	439
Retail, Agri & Other Industries	79,410	54,846
Total	**212,805**	**122,981**

Note: Specific provisions include NPA and restructured provisions

General provision in Top 5 industries amounts to ₹5,487 million.

Major industries breakup of specific provision and write-offs during the current period – for the quarter ending 31 March, 2017

(₹ in millions)

Industry	Provision	Write-offs
Specific Provision in Top 5 industries	6,170	4,796

Geography wise Distribution of NPA and Provision – Position as on 31 March, 2017

(₹ in millions)

Geography	Gross NPA	Specific Provision	General Provision
Domestic	165,853	93,757	21,175
Overseas	46,952	29,224	3,718
Total	**212,805**	**122,981**	**24,893**

Credit Risk: Use of Rating Agency under the Standardised Approach

The RBI guidelines on capital adequacy require banks to use ratings assigned by specified External Credit Assessment Agencies (ECAIs) namely Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA for domestic counterparties and Standard & Poor's, Moody's and Fitch for foreign counterparties.

The Bank is using issuer ratings and short-term and long-term instrument/bank facilities' ratings which are assigned by the accredited rating agencies viz. Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA and published in the public domain to assign risk-weights in terms of RBI guidelines. In respect of claims on non-resident corporates and foreign banks, ratings assigned by international rating agencies i.e. Standard & Poor's, Moody's and Fitch is used. For exposures with contractual maturity of less than one year, a short-term rating is used. For cash credit facilities and exposures with contractual maturity of more than one year, long-term rating is used.

Issue rating is used if the Bank has an exposure in the rated issue and this would include fund-based and non-fund based working capital facilities as well as loans and investments. In case the Bank does not have exposure in a rated issue, the Bank uses the issue rating for its comparable unrated exposures to the same borrower, provided that the Bank's exposures are pari-passu or senior and of similar or lesser maturity as compared to the rated issue. Structured Obligation (SO) ratings are used where the Bank has a direct exposure in the 'SO' rated issue. If an issuer has a long-term or short-term exposure with an external rating that warrants a risk weight of 150%, all unrated claims on the same counterparty, whether short-term or long-term, also receive 150% risk weight, unless the Bank uses recognised credit risk mitigation techniques for such claims.

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

Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk-Weight – Position as on 31 March, 2017

(₹ in millions)

Below 100% risk weight	4,334,454
100% risk weight	1,540,822
More than 100% risk weight	1,033,745
Deduction from capital funds	-

DISCLOSURES UNDER BASEL III (CONT.)

V. CREDIT RISK MITIGATION

The Bank uses various collaterals both financial as well as non-financial, guarantees and credit insurance as credit risk mitigants. The main financial collaterals include bank deposits, National Savings Certificate/Kisan Vikas Patra/Life Insurance Policy and gold, while main non-financial collaterals include land and building, plant and machinery, residential and commercial mortgages. The guarantees include guarantees given by corporate, bank and personal guarantees. This also includes loans and advances guaranteed by Export Credit & Guarantee Corporation Limited (ECGC), Credit Guarantee Fund Trust for Small Industries (CGTSI), Central Government and State Government.

The Bank has in place a collateral management policy, which underlines the eligibility requirements for Credit Risk Mitigants (CRM) for capital computation as per Basel III guidelines. The Bank reduces its credit exposure to counterparty with the value of eligible financial collateral to take account of the risk mitigating effect of the collateral. To account for the volatility in the value of collateral, haircut is applied based on the type, issuer, maturity, rating and re-margining/revaluation frequency of the collateral. The Bank revalues various financial collaterals at varied frequency depending on the type of collateral. The Bank has a valuation policy that covers processes for collateral valuation and empanelment of valuers.

Details of Total Credit Exposure (after on or off Balance Sheet Netting) as on 31 March, 2017

(₹ in millions)

Covered by:		
-	Eligible financial collaterals after application of haircuts	227,342
-	Guarantees/credit derivatives	165,970

VI. SECURITISATION

The primary objectives for undertaking securitisation activity by the Bank are enhancing liquidity, optimisation of usage of capital and churning of the assets as part of risk management strategy.

The securitisation of assets generally being undertaken by the Bank is on the basis of 'True Sale', which provides 100% protection to the Bank from default. The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

The Bank may also invest in securitised instruments which offer attractive risk adjusted returns. The Bank enters into purchase/sale of corporate and retail loans through direct assignment/SPV. In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank, however, does not follow the originate to distribute model and pipeline and warehousing risk is not material to the Bank.

Valuation of securitised exposures is carried out in accordance with the Fixed Income Money Market and Derivatives Association (FIMMDA)/RBI guidelines. Gain on securitisation is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to profit and loss account. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to senior pass through certificate holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29 'Provisions, contingent liabilities and contingent assets'.

The Bank follows the standardized approach prescribed by the RBI for the securitization activities. The Bank uses the ratings assigned by various external credit rating agencies viz. Brickworks, CARE, CRISIL, ICRA, India Ratings 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, 2017, the Bank has not securitized any asset.

A. Banking Book

Details of Exposure Securitised by the Bank and subject to Securitisation Framework

(₹ in millions)

Sr. No.	Type of Securitisation	
i	Total amount of exposures securitised	-
ii	Losses recognised by the Bank during the current period	-
iii	Amount of assets intended to be securitised within a year	-
	of which	
	- Amount of assets originated within a year before securitisation	-
iv	Amount of exposures securitised	
	- Corporate Loans	-
v	Unrecognised gain or losses on sale	
	- Corporate Loans	-

Aggregate amount of Securitisation Exposures Retained or Purchased as on 31 March, 2017 is given below

(₹ in millions)

Sr. No.	Type of Securitisation	On Balance Sheet	Off Balance Sheet
i	Retained	-	-
ii	Securities purchased	-	-
iii	Liquidity facility	-	-
iv	Credit enhancement (cash collateral)	-	-
v	Other commitments	-	-

Risk-weight wise Bucket Details of the Securitisation Exposures on the Basis of Book-Value

(₹ in millions)

	Amount	Capital charge
Below 100% risk weight	-	-
100% risk weight	-	-
More than 100% risk weight	-	-
Deductions		
- Entirely from Tier I capital	-	-
- Credit enhancing I/Os deducted from total capital	-	-
- Credit enhancement (cash collateral)	-	-

DISCLOSURES UNDER BASEL III (CONT.)

B. Trading Book

Details of Exposure Securitised by the Bank and subject to Securitisation Framework

(₹ in millions)

Sr. No.	Type of Securitisation	
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, 2017 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	2,615	-
	- Priority Sector (auto pool & micro finance)	8,077	-
iii	Liquidity facility	-	-
iv	Credit enhancement (cash collateral)	-	-
v	Other commitments	-	-

* includes outstanding balance of PTCs purchased in earlier years also

Risk-weight wise Bucket Details of the Securitisation Exposures on the Basis of Book-Value

(₹ in millions)

		Amount	Capital charge
i	Exposures subject to Comprehensive Risk Measure for specific risk		
	- Retained	-	-
	- Securities purchased	-	-
ii	Exposures subject to the securitisation framework for specific risk		
	Below 100% risk weight	10,692	343
	100% risk weight	-	-
	More than 100% risk weight	-	-
iii	Deductions		
	- Entirely from Tier I capital	-	-
	- Credit enhancing I/Os deducted from Total Capital	-	-
	- Credit enhancement (cash collateral)	-	-

VII. MARKET RISK IN TRADING BOOK

Market risk is the risk of loss to the Bank's earnings and capital due to changes in the market level of interest rates, price of securities, foreign exchange rates and equities' price, as well as the volatilities of those changes. The Bank is exposed to market risk through its investment activities and also trading activities, which are undertaken for customers as well as on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its trading, investment and asset/liability portfolios. For market risk management, the Bank has:

- Board approved market risk policies and guidelines which are aligned to the regulatory guidelines and based on experiences gained over the years. The policies are reviewed periodically keeping in view regulatory changes, business requirements and market developments.

- Process manual which are updated regularly to incorporate and document the best practices.
- Market risk identification through elaborate mapping of the Bank's main businesses to various market risks.
- Statistical measures like Value at Risk (VaR), supplemented by stress tests, back tests and scenario analysis.
- Non-statistical measures like position limits, marked-to-market (MTM), gaps and sensitivities (mark-to-market, position limits, duration, PVBP, option Greeks).
- Management Information System (MIS) for timely market risk reporting to senior management functionaries. Key risk metrics are presented to the Risk Management Committee of the Board through Risk Dash-Boards.

Risk limits such as position limits, stop-loss limits, alarm limits, gaps and sensitivities (duration, PVBP, option Greeks) are set up and reviewed periodically, based on a number of criteria including regulatory guidelines, relevant market analysis, business strategy, size of the investment and trading portfolio, management experience and the Bank's risk appetite. These limits are monitored on an intra-day/daily basis by the Treasury Mid-office and the exceptions are put up to ALCO and Risk Management Committee of the Board.

The Bank uses Historical Simulation and its variants for computing VaR for its trading portfolio. VaR is calculated and reported on a daily basis for the trading portfolios at a 99% confidence level for a one-day holding period, using 250 days of historical data or one year of relative changes in historical rates and prices. The model assumes that the risk factor changes observed in the past are a good estimate of those likely to occur in the future and is, therefore, limited by the relevance of the historical data used. The method, however, does not make any assumption about the nature or type of the loss distribution. The VaR models for different portfolios are back-tested at regular intervals and the results are used to maintain and improve the efficacy of the model.

The VaR measure is supplemented by a series of stress tests and sensitivity analysis that estimates the likely behaviour of a portfolio under extreme but plausible conditions and its impact on earnings and capital. The Bank undertakes stress tests for market risks for its trading book, IRS, forex open position and forex gaps on a monthly basis as well as for liquidity risk at the end of each quarter. The Bank has built its capabilities to migrate to advanced approach i.e. Internal Models Approach for assessment of market risk capital.

Concentration Risk

The Bank has allocated the internal risk limits in order to avoid concentrations, wherever relevant. For example, the Aggregate Gap Limit, Net Open Position and daylight limits are allocated to various currencies and maturities into Individual Gap Limits to monitor concentrations. Similarly, stop-loss limits and duration limits have been set up for different categories within a portfolio. Within the overall PV01 limit, a sub-limit is set up which is not expected to be breached by trades linked to any individual benchmark. Some of the limits like currency wise net open position, stop loss limits and PV01 limits are allocated dealer-wise also, based on their skill and experience, to avoid build up of positions in a single dealer's book.

Liquidity Risk

Liquidity Risk is the current and prospective risk to earnings or capital arising from a Bank's inability to meet its current or future obligations on the due date. Liquidity risk is two-dimensional viz., risk of being unable to fund portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate an asset in a timely manner at a reasonable price (asset dimension).

The goal of Liquidity Risk Management is to meet all commitments on the due date and also be able to fund new investment opportunities by raising sufficient funds in the form of increasing fresh liabilities or by expeditious asset sell-off without incurring unacceptable losses, both under normal and adverse conditions. These objectives are ensured by setting up policies, operational level committees, measurement tools and monitoring and reporting mechanism using effective use of IT systems for availability of quality data.

The Bank manages its liquidity on a static as well as dynamic basis using various tools such as gap analysis, ratio analysis, dynamic liquidity statements, intraday liquidity monitoring tools and scenario analysis. The Bank's ALM policy defines the tolerance limits for its structural liquidity position. The Liquidity Policy for the domestic operations as well as for the overseas branches lay down the operational framework for prudent risk management in the Bank. The liquidity profile of the Bank is analysed on a static basis by tracking all cash inflows and outflows in the maturity ladder based on the actual maturity and expected occurrence (for non-

DISCLOSURES UNDER BASEL III (CONT.)

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, 2017

(₹ in millions)

Type	Amount of Capital Required
Interest rate risk	24,722
Foreign exchange risk (including gold)	311
Equity position risk	6,558

VIII. OPERATIONAL RISK

Strategies and Processes

Operational Risk (OR) is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risk management policy documents the Bank's approach towards management of operational risk and defines the roles and responsibilities of the various stakeholders within the Bank. The Bank also has a detailed framework for operational risk loss data collection, risk and control self-assessment and key risk indicators.

Based on the above policy the Bank has initiated several measures to manage operational risk. The Bank has put in place a hierarchical structure to effectively manage operational risk through the formation of several internal committees viz. Operational Risk Management Committee, Product Management Committee, Change Management Committee, Central Outsourcing Committee, Business Continuity Planning Management Committee (BCPMC) and IT Security Committee.

Structure and Organisation

The Risk Management Committee (RMC) of the Board at the apex level is the policy making body. The RMC is supported by the Operational Risk Management Committee (ORMC), consisting of Senior Management personnel, which is responsible for implementation of the Operational Risk policies of the Bank. This internal committee oversees the implementation of the OR framework and oversees the management of operational risks across the Bank. A dedicated operational risk management unit ensures management of operational risk. A representative of the Risk Department is also a permanent member of control committees on product management covering approval of new products, change management of processes, outsourcing, business continuity management and IT Security.

Scope and Nature of Operational Risk Reporting and Measurement Systems

A systematic process for reporting risks, losses and non-compliance issues relating to operational risks has been developed and implemented. The information gathered is being used to develop triggers to initiate corrective actions to improve controls. Critical risks and major loss events are reported to the Senior Management/ORMC.

The Bank has further enhanced its capability for effective management of operational risk with the implementation of an Enterprise Governance Risk and Compliance platform (SAS-EGRC).The IT platform acts as the single repository of processes and operational, compliance and financial reporting risks. It facilitates capturing of individual risks and the effectiveness of their controls, tagging of identified risks to processes and products, originates action plans and acts as a repository of all operational risk events.

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.

DISCLOSURES UNDER BASEL III (CONT.)

The Bank has adopted BCP and IT Disaster Recovery Policy wherein critical activities and system applications have been defined, recovery plan is in place for these critical activities and system applications to ensure timely recovery of the Bank's critical products and services in the event of an emergency.

Regular tests have been carried out to ascertain BCP preparedness. The test reports are shared with senior management on a regular frequency. Business Continuity Planning Management Committee (BCPMC) has been formed comprising of senior functionaries of the Bank, which monitors BCM framework implementation in the Bank.

Approach for Operational Risk Capital Assessment

As per RBI guidelines, the Bank has followed the Basic Indicator Approach for computing the capital for operational risk for the year ending 31 March, 2017.

IX. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Interest Rate Risk in the Banking Book is measured and monitored in accordance with the guidelines laid out in the Bank's Asset Liability Management (ALM) Policy which is based on the RBI "Guidelines on Banks' Asset Liability Management Framework – Interest Rate Risk" dated 4 November, 2010. Interest Rate Risk is measured in terms of changes in the value of interest rate sensitive positions across the whole bank i.e. both in the banking and trading books as described below.

The Bank measures and controls interest risk in the banking book using both Earnings at Risk (EaR) which assesses the sensitivity of its net interest income to parallel movement in interest rates over the 1 year horizon as well as Market Value of its Equity (MVE) which measures the sensitivity of the present value of all assets and liabilities to interest rate risk in response to given interest rate movements. The Bank prepares Interest Rate Sensitivity reports which are reviewed against Regulatory and Internal limits. Internal limits have been established for (a) Earnings at Risk for a 100 bps parallel shift in interest rates over the horizon of 1 year, and (b) 200 bps parallel shift in interest rates for Market Value of Equity impact. Any review of the internal interest rate risk limits is approved by the ALCO and is ratified by the Risk Management Committee of the Board.

Bucketing of non-maturity liability items for interest rate risk measurement is based on the behavioral analysis methodology for identification of core and non-core components. Bucketing rules of core and non-core portions in the interest rate sensitivity statements are laid out in the ALM policy. The Bank does not use any assumptions for prepayment of loans for preparation of interest rate risk sensitivity reports.

The findings of the various IRRBB measures are submitted to the ALCO, 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, 2017 are given below:

Earnings Perspective

(₹ in millions)

Currency	Interest Rate Shock	
	+200bps	-200bps
INR	10,044	(10,044)
USD	233	(233)
Residual	390	(390)
Total	**10,667**	**(10,667)**

Economic Value Perspective

(₹ in millions)

Currency	Interest Rate Shock	
	+200bps	-200bps
INR	(31,782)	31,782
USD	305	(305)
Residual	1,690	(1,690)
Total	**(29,787)**	**29,787**

Note: Interest Rate Risk in Banking Book is computed only for banks/bank like entities where the inherent business is maturity transformation of assets and liabilities, thereby resulting in interest rate mismatch. Other subsidiaries whose core business is not banking activity, IRRBB need not be computed.

X. EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK

Counterparty credit limits and exposures are monitored daily and internal triggers are put in place to guard against breach in limits. Credit exposures to issuer of bonds, advances etc. are monitored separately under the prudential norms for exposure to a single borrower as per the Bank's Corporate Credit Risk Policy or Investment Policy, as applicable. The counterparty exposure limits are reviewed at periodic intervals.

Methodology used to assign economic capital and credit limits for counterparty credit exposures

The Bank currently does not assign economic capital for its counterparty credit exposures. The Bank has adopted a methodology of computing economic capital within the framework of Individual Capital Adequacy Assessment Process (ICAAP) and assesses the economic capital requirement within this framework. The Bank is adequately capitalized in terms of projected growth for the next three years and has sufficient capital buffer to account for Pillar II risks.

Policies for securing collateral and establishing credit reserves

The Bank has a policy framework through its Credit Risk Management policy and Collateral Management Policy which stipulates the eligible credit risk mitigants and management thereof. The Bank has adopted the Comprehensive Approach as suggested by RBI, which allows fuller offset of collateral against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. Under this approach, the Bank takes eligible financial collateral on an account-by-account basis, to reduce the credit exposure to counterparty while calculating the capital requirements to take account of the risk mitigating effect of the collateral. The Bank also has a well-defined NPA management & recovery policy for establishing credit reserves on a prudential basis apart from being in consonance with the regulatory guidelines.

Policies with respect to wrong-way risk exposures

Wrong way risk associated with counterparty credit exposures can be of two types – General i.e. when the PD of counterparties is positively correlated with general market risk factors and Specific i.e. when the exposure to a particular counterparty and the PD of the counterparty providing credit risk mitigation for the exposure are highly correlated. The Bank currently does not have a complete policy framework to address the wrong way risk. In the interim, the general wrong way risk is taken care of through monitoring of concentration of counterparty credit exposures on account of derivatives. Also as per the credit risk management policy, collaterals whose values have a material positive correlation with the credit quality of the borrower is likely to provide little or no credit protection during stress, are not recognized for credit enhancement, thus mitigating any specific wrong way risk.

Impact of the amount of collateral the Bank would have to provide given a credit rating downgrade

The Bank currently assesses the liquidity impact and related costs of a possible downgrade as part of the bank-wide stress testing exercise. The Bank has already adopted Credit Value Adjustment (CVA) based on the regulatory guidelines on the asset side for capital computation purposes. The current regulatory guidelines do not require estimation of changes in collateral requirement in case of a likely rating downgrade of a Bank and the Bank also does not make such an assessment currently. However, the Bank is in the process of developing an internal methodology to estimate the changes in liabilities to counterparties in the event of its rating downgrade.

DISCLOSURES UNDER BASEL III (CONT.)

Quantitative Disclosures

(₹ in millions)

Particulars	IRS/CCS/FRA	Options
Gross Positive Fair Value of Contracts	101,498	9,437
Netting Benefits	-	-
Netted Current Credit Exposure	101,498	9,437
Collateral held (e.g. Cash, G-sec, etc.)	-	-
Net Derivatives Credit Exposure	101,498	9,437
Exposure amount (under CEM)	227,111	17,933
Notional value of Credit Derivative hedges	-	-
Credit derivative transactions that create exposures to CCR	-	-

XI. COMPOSITION OF CAPITAL

(₹ in millions)

Sr. No.	Particulars	Amount	Reference No.
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	174,918	A1 + A2
2	Retained earnings	374,455	B1+B2+B3+ B4+B5+B6-B7
3	Accumulated other comprehensive income (and other reserves)	-	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	**Common Equity Tier 1 capital before regulatory adjustments**	**549,373**	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	3,689	
8	Goodwill (net of related tax liability)	-	
9	Intangibles (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	367	
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)	-	

Sr. No.	Particulars	Amount	Reference No.
22	Amount exceeding the 15% threshold	-	
23	*of which: significant investments in the common stock of financial entities*	-	
24	*of which: mortgage servicing rights*	-	
25	*of which: deferred tax assets arising from temporary differences*	-	
26	National specific regulatory adjustments (26a+26b+26c+26d)	-	
26a	*of which:* Investments in the equity capital of the unconsolidated insurance subsidiaries	-	
26b	*of which:* Investments in the equity capital of unconsolidated non-financial subsidiaries	-	
26c	*of which:* Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-	
26d	*of which:* Unamortized pension funds expenditures	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	**Total regulatory adjustments to Common equity Tier 1**	**4,056**	
29	**Common Equity Tier 1 capital (CET 1)**	**545,317**	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	35,000	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	35,000	C1
33	*Directly issued capital instruments subject to phase out from Additional Tier 1*	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	*of which: instruments issued by subsidiaries subject to phase out*	-	
36	**Additional Tier 1 capital before regulatory adjustments**	**35,000**	
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	165	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41	National specific regulatory adjustments (41a+41b)	-	
41a	*of which:* Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	
41b	*of which:* Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	**Total regulatory adjustments to Additional Tier 1 capital**	**165**	
44	**Additional Tier 1 capital (AT1)**	**34,835**	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44)**	**580,152**	

DISCLOSURES UNDER BASEL III (CONT.)

Sr. No.	Particulars	Amount	Reference No.
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	65,800	C2
47	Directly issued capital instruments subject to phase out from Tier 2	57,860	C2
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49	*of which: instruments issued by subsidiaries subject to phase out*	-	
50	Provisions	24,926	D1+D2+D3+D4
51	**Tier 2 capital before regulatory adjustments**	**148,586**	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	1,013	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments (56a+56b)	-	
56a	*of which:* Investments in the Tier 2 capital of unconsolidated subsidiaries	-	
56b	*of which:* Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-	
57	**Total regulatory adjustments to Tier 2 capital**	**1,013**	
58	**Tier 2 capital (T2)**	**147,573**	
59	**Total capital (TC = T1 + T2) (45 + 58)**	**727,725**	
60	**Total risk weighted assets (60a + 60b + 60c)**	**4,847,808**	
60a	*of which: total credit risk weighted assets*	4,064,922	
60b	*of which: total market risk weighted assets*	351,007	
60c	*of which: total operational risk weighted assets*	431,879	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.25%	
62	Tier 1 (as a percentage of risk weighted assets)	11.97%	
63	Total capital (as a percentage of risk weighted assets)	15.01%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	6.75%	
65	*of which: capital conservation buffer requirement*	1.25%	
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)	-	
	National minima (if different from Basel III)		
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%	

Sr. No.	Particulars	Amount	Reference No.
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities	41,906	
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)	50,730	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	24,926	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	50,812	
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	
	Capital instruments subject to phase-out arrangement (only applicable between 31 March, 2017 and 31 March, 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap *(excess over cap after redemptions and maturities)*	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap *(excess over cap after redemptions and maturities)*	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap *(excess over cap after redemptions and maturities)*	-	

* NA – Not Applicable

Notes to the Template

Row No. of the template	Particular	*(₹ 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	24,926
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	24,926

DISCLOSURES UNDER BASEL III (CONT.)

XII. THE RECONCILIATION OF REGULATORY CAPITAL ITEMS AS ON 31 MARCH, 2017 IS GIVEN BELOW:

Step 1 *(₹ in millions)*

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
A	**Capital and Liabilities**		
I	Paid-up Capital	4,790	4,790
	Reserves & Surplus	559,013	559,013
	Minority Interest	613	613
	Total Capital	564,416	564,416
II	Deposits	4,149,827	4,149,827
	of which: Deposits from banks	160,165	160,165
	of which: Customer deposits	3,989,662	3,989,662
III	Borrowings	1,124,548	1,124,548
	i. Borrowings in India	552,930	552,930
	(a) From RBI	-	-
	(b) From banks	39,286	39,286
	(c) From other institutions & agencies	513,644	513,644
	ii. Borrowings Outside India	571,618	571,618
	of which: Capital Instruments	200,941	200,941
IV	Other liabilities & provisions	275,829	275,829
	Total	**6,114,620**	**6,114,620**
B	**Assets**		
I	Cash and balances with Reserve Bank of India	308,580	308,580
	Balance with banks and money at call and short notice	201,082	201,082
II	Investments	1,290,183	1,290,183
	of which:		
	Government securities	932,321	932,321
	Shares	13,262	13,262
	Debentures & Bonds	267,103	267,103
	Subsidiaries / Joint Ventures / Associates	-	-
	Others (Commercial Papers, Mutual Funds etc.)	77,497	77,497
III	Loans and advances	3,810,803	3,810,803
IV	Fixed assets	38,102	38,102
V	Other assets	465,870	465,870
	of which:		
	Goodwill and intangible assets	-	-
	Deferred tax assets (Net)	50,730	50,730
VI	Goodwill on consolidation	-	-
VII	Debit balance in Profit & Loss account	-	-
	Total	**6,114,620**	**6,114,620**

Step 2

(₹ in millions)

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
A	**Capital and Liabilities**			
I	**Paid-up Capital**	**4,790**	**4,790**	**A1**
	Reserves & Surplus	**559,013**	**559,013**	**-**
	of which:			
	Statutory Reserve	115,071	115,071	B1
	Share Premium	170,128	170,128	A2
	Investment Reserve Account	-	-	D1
	General Reserve	3,864	3,864	B2
	Capital Reserve	18,655	18,655	B3
	Foreign Currency Translation Reserve	1,564	1,564	
	of which: considered under capital funds	-	1,173	B4
	Reserve Fund	916	916	B5
	Balance in Profit/Loss A/c	248,815	248,815	B6
	of which: Proposed dividend	-	14,039	B7
	Minority Interest	**613**	**613**	**-**
	of which: Amount eligible for CET I	-	-	-
	Total Capital	**564,416**	**564,416**	**-**
II	**Deposits**	**4,149,827**	**4,149,827**	**-**
	of which:			
	Deposits from banks	160,165	160,165	-
	Customer deposits	3,989,662	3,989,662	-
III	**Borrowings**	**1,124,548**	**1,124,548**	**-**
	i. Borrowings in India	552,930	552,930	-
	(a) From RBI	-	-	-
	(b) From banks	39,286	39,286	-
	(c) From other institutions & agencies	513,644	513,644	-
	ii. Borrowings Outside India	571,618	571,618	-
	of which: Capital Instruments	200,941	200,941	
	of which:			
	(a) Eligible AT1 capital	-	35,000	C1
	(b) Eligible Tier 2 capital	-	123,660	C2
IV	**Other liabilities & provisions**	**275,829**	**275,829**	**-**
	of which:			
	Provision for Standard Advances	23,679	23,679	D2
	Provision for Unhedged Foreign Currency Exposure	1,214	1,214	D3
	Total	**6,114,620**	**6,114,620**	
B	**Assets**			
I	Cash and balances with Reserve Bank of India	308,580	308,580	-
	Balance with banks and money at call and short notice	201,082	201,082	-

DISCLOSURES UNDER BASEL III (CONT.)

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
II	**Investments**	**1,290,183**	**1,290,183**	**-**
	of which:			
	Government securities	932,321	932,321	-
	Shares	13,262	13,262	-
	Debentures & Bonds	267,103	267,103	-
	Subsidiaries / Joint Ventures / Associates	-	-	-
	Others (Commercial Papers, Mutual Funds etc.)	77,497	77,497	-
III	**Loans and advances**	**3,810,803**	**3,810,803**	**-**
	floating provision adjusted in loans & advances	33	33	D4
IV	**Fixed assets**	**38,102**	**38,102**	**-**
V	**Other assets**	**465,870**	**465,870**	**-**
	of which:			
	Goodwill and intangible assets	-	-	-
	Deferred tax assets (Net)	50,730	50,730	
VI	**Goodwill on consolidation**	**-**	**-**	**-**
VII	**Debit balance in Profit & Loss account**	**-**	**-**	**-**
	Total	**6,114,620**	**6,114,620**	**-**

DF XIII, XIV & XV

Disclosures pertaining to main features of equity and debt instruments, terms and conditions of equity and debt instruments and remuneration of Key Management Personnel have been disclosed separately on the Bank's website under the 'Regulatory Disclosure Section'. The link to this section is as follows:

https://www.axisbank.com/shareholders-corner/regulatory-disclosure/basel-III-disclosures

XVI. EQUITIES – DISCLOSURE FOR BANKING BOOK POSITIONS

The risk oversight relating to the equity portfolio is part of the overall independent risk management structure of the Bank and is subjected to the risk management processes and policies approved by the Bank.

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

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

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

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/ joint ventures are categorized as HTM in accordance with RBI guidelines. All other investments are classified as AFS securities.

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

The Bank does not have any equity under the Banking Book.

XVII. COMPARISION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURE MEASURE AS ON 31 MARCH, 2017

(₹ in millions)

Particulars	Amount
Total consolidated assets as per published financial statements	6,114,620
Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purpose but outside the scope of regulatory consolidation	-
Adjustments for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
Adjustments for derivative financial instruments	150,649
Adjustment for securities financing transactions(i.e. repos and similar secured lending)	-
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	839,662
Other adjustments	(532)
Leverage ratio exposure	**7,104,399**

XVIII. LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE AS ON 31 MARCH, 2017

(₹ in millions)

	Particulars	Leverage ratio framework
On-balance sheet exposures		
1	On-balance sheet items(excluding derivatives and SFTs, but including collateral)	5,877,003
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(532)
3	**Total on-balance sheet exposures(excluding derivatives and SFTs)(sum of lines 1 and 2)**	**5,876,471**
Derivative Exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	110,935
5	Add-on amounts for PFE associated with all derivatives transactions	134,109
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**245,044**
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	143,222
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR Exposure for SFT Assets	-
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**143,222**
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	2,461,873
18	(Adjustments for conversion to credit equivalent amounts)	(1,622,211)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**839,662**
Capital and total exposures		
20	**Tier 1 capital**	**580,152**
21	**Total exposures (sum of lines 3,11,16 and 19)**	**7,104,399**
Leverage Ratio		
22	**Basel III leverage ratio**	**8.17%**

DISCLOSURES UNDER BASEL III (CONT.)

XIX. RECONCILIATION OF TOTAL PUBLISHED BALANCE SHEET SIZE AND ON BALANCE SHEET EXPOSURE

(₹ in millions)

Sr. No.	Particulars	Amount
1	Total consolidated assets as per published financial statements	6,114,620
2	Replacement cost associated with all derivatives transactions, i.e. net of eligible cash variation margin	(94,395)
3	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	(143,222)
4	Adjustment for entities outside the scope of regulatory consolidation	-
5	**On-balance sheet items (excluding derivatives and SFTs, but including collateral)**	**5,877,003**

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of Axis Bank Limited will be held at **9.30 A.M. on Wednesday, 26th July 2017** at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015, Gujarat, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

   a. the audited financial statements of the Bank for the financial year ended 31st March 2017 and the Reports of the Directors and the Auditors thereon; and

   b. the audited consolidated financial statements for the financial year ended 31st March 2017 and the Report of the Auditors thereon.

2. To declare dividend on equity shares of the Bank for the financial year ended 31st March 2017.

3. To appoint a director in place of Smt. Usha Sangwan (DIN 02609263), who retires by rotation and being eligible, has offered herself for re-appointment.

4. To appoint a director in place of Shri B. Babu Rao (DIN 00425793), who retires by rotation and being eligible, has offered himself for re-appointment.

5. To ratify the appointment of M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, (Registration No. 301003E/E300005) as the Statutory Auditors of the Bank and to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 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/E300005, 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 approved by the Audit Committee of the Board of Directors of the Bank."

SPECIAL BUSINESS:

6. To consider, and if thought fit, to pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 197, Schedule V 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 be and is hereby accorded to the revision in the remuneration payable to Dr. Sanjiv Misra (DIN 03075797) as the Non-Executive (Part-Time) Chairman of the Bank, for a period of one year with effect from 18th July 2017, detailed as under, subject to the approval of the Reserve Bank of India:"

Particulars	:	Amount
Remuneration	:	₹ 33,00,000 p.a.
Company Car	:	Free use of Bank's car for official and private purposes.
Touring	:	Travelling and official expenses to be borne by the Bank for Board functions as a Chairman.
Sitting Fees	:	As payable to other Non-Executive Directors.

"RESOLVED FURTHER THAT the Directors of the Bank be and are hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, 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 Director(s)/Officer(s) of the Bank, to give effect to this resolution."

7. To consider, and if thought fit, to pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 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 Smt. Shikha Sharma (DIN 00043265) as the Managing Director & CEO of the Bank, for a period of one year with effect from 1st June 2017, detailed as under, subject to the approval of the Reserve Bank of India."

Particulars		Amount
Salary	:	₹ 2,94,53,000 p.a.
Leave Fare Concession	:	₹ 14,76,000 p.a.
Perquisites		
House Rent Allowance	:	₹ 98,24,000 p.a. (in lieu of Bank's owned/leased accommodation).
Residence	:	Leased accommodation to be provided by the Bank.
Provident Fund	:	12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees, from time to time.
Gratuity	:	One month's salary for each completed year of service or part thereof (on pro-rata basis).
Superannuation	:	10% of basic pay p.a.
Travelling Allowances	:	As per 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.
Furnishing Allowance	:	At actuals up to a limit of ₹ 30,00,000 over a period of three years.
Car	:	As per the Bank's Policy.
Leave	:	As per the Bank's Rule.
Stock Options	:	Stock Options as may be granted by the Nomination and Remuneration Committee, from time to time, subject to the approval of the 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 authorized 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 Director(s)/Officer(s) of the Bank, to give effect to this resolution."

8. To consider, and if thought fit, to pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 197, Schedule V 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 (DIN 00033882) as the Deputy Managing Director of the Bank, for a period of one year with effect from 1st June 2017, detailed as under, subject to the approval of the Reserve Bank of India."

Particulars		Amount
Salary	:	₹ 2,08,62,000 p.a.
Leave Fare Concession	:	₹ 6,05,000 p.a.
Perquisites		
House Rent Allowance	:	₹ 52,14,000 p.a. (in lieu of Bank's owned /leased accommodation).
Residence	:	Leased accommodation to be provided by the Bank.
Provident Fund	:	12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/ Trustees, from time to time.
Gratuity	:	One month's salary for each completed year of service or part thereof (on pro-rata basis).
Superannuation	:	10% of basic pay p.a.
Travelling Allowances	:	As per 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 & Periodicals	:	As per requirement.
Entertainment	:	Expenditure on official entertainment would be on the Bank's account.
Utility Bills	:	To be reimbursed at actuals up to a limit of ₹ 1,32,000 p.a.
Furnishing Allowance	:	At actuals up to a limit of ₹ 15,00,000 over a period of three years.
Car	:	As per the Bank's Policy.
Leave	:	As per the Bank's Rule.
Stock Options	:	Stock Options as may be granted by the Nomination and Remuneration Committee, from time to time, subject to the approval of the 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 authorized 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 Director(s)/Officer(s) of the Bank, to give effect to this resolution."

9. To consider, and if thought fit, to pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 197, Schedule V 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 Rajiv Anand (DIN 02541753) as the Executive Director (Retail Banking) of the Bank, for a period of one year with effect from 1st June 2017, detailed as under, subject to the approval of the Reserve Bank of India."

Particulars	:	Amount
Salary	:	₹ 1,53,78,368 p.a.
Leave Fare Concession	:	₹ 5,50,000 p.a.
Perquisites		
House Rent Allowance	:	₹ 50,74,861 p.a. (in lieu of Bank's owned /leased accommodation).
Residence	:	Leased accommodation to be provided by the Bank.
Provident Fund	:	12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees, from time to time.
Gratuity	:	One month's salary for each completed year of service or part thereof (on pro-rata basis).
Superannuation	:	10% of basic pay p.a.
Travelling Allowances	:	As per 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 actual up to a limit of ₹ 15,00,000 over a period of three years.
Car	:	As per the Bank's Policy.
Leave	:	As per the Bank's Rule.
Stock Options	:	Stock Options as may be granted 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 authorized 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 Director(s)/ Officer(s) of the Bank, to give effect to this resolution."

10. To consider, and if thought fit, to pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 197, Schedule V 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 Rajesh Dahiya (DIN 07508488) as the Executive Director (Corporate Centre) of the Bank, for a period of one year with effect from 1st June 2017, detailed as under, subject to the approval of the Reserve Bank of India."

Particulars		Amount
Salary	:	₹ 1,36,64,082 p.a.
Leave Fare Concession	:	₹ 5,50,000 p.a.
Perquisites		
House Rent Allowance	:	₹ 45,09,147 p.a. (in lieu of Bank's owned /leased accommodation).
Residence	:	Leased accommodation to be provided by the Bank.
Provident Fund	:	12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees from time to time.
Gratuity	:	One month's salary for each completed year of service or part thereof (on pro-rata basis).
Superannuation	:	10% of basic pay p.a.
Travelling Allowances	:	As per 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 actual up to a limit of ₹ 15,00,000 over a period of three years.
Car	:	As per the Bank's Policy.
Leave	:	As per the Bank's Rule.
Stock Options	:	Stock Options as may be granted 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 authorized 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 Director(s)/ Officer(s) of the Bank, to give effect to this resolution."

11. To consider, and if thought fit, to pass with or without modification(s), the following resolution, as a **Special Resolution**:

"RESOLVED THAT pursuant to provisions of Section 42 and other applicable provisions, if any, 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 ('RBI') and/or the Securities and Exchange Board of India, in this regard, from time to time, the relevant provisions of the Memorandum of Association and the 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 of funds denominated in Indian rupees or any other permitted foreign currency by issue of debt securities including but not limited to long term bonds, green bonds, non-convertible debentures, perpetual debt instruments and Tier II Capital Bonds or such other debt securities as may be permitted under the RBI guidelines, from time to time, on a private placement basis and / or for making offers and /or invitations thereof and /or issue(s)/ issuances thereof, on a private placement basis, for a period of one year from the date hereof, in one or more tranches and /or series and / or under one or more shelf disclosure documents and/or one or more letters of offer and on such terms and conditions for each series / tranches including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board of Directors of the Bank ('the Board'), as per the structure and within the limits permitted by the RBI, upto an amount of ₹ 35,000 crore (Rupees Thirty Five Thousand Crore only) in domestic and/or overseas market, 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 and on such terms and conditions as may be approved by the Board, from time to time."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to negotiate, modify, finalize the terms and conditions of the said debt instruments and execute all such agreements, documents, instruments and writings as deemed necessary, including the private placement offer letter, information memorandum, disclosure documents, debenture subscription agreement, debenture trust deed and any other documents as may be required in connection with the offering(s), issuance(s) and/ or allotment(s) of the said debt instruments on a private placement basis, with the power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as it may consider necessary and desirable and to delegate all or any of its powers herein conferred to any Committee of the Board of Director(s), and/or Managing Director, and/or Deputy Managing Director, and /or any other Officer(s) of the Bank, to give effect to this resolution."

By Order of the Board

Girish V. Koliyote
Company Secretary
ACS 14285

Place: New Delhi
Date: 15th May 2017

Axis Bank Limited [CIN: L65110GJ1993PLC020769]
Registered Office:
'Trishul', 3rd Floor, Opp. Samartheshwar Temple,
Law Garden, Ellisbridge, Ahmedabad – 380 006, Gujarat.
Website: www.axisbank.com
Phone No. : +91-79-6630 6161
Fax No. : +91-79-2640 9321
Email: shareholders@axisbank.com

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE BANK. THE INSTRUMENTS APPOINTING PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE BANK NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Registered Office of the Bank a certified copy of the latest Board Resolution authorizing their representative to attend and vote at the Meeting on their behalf.

3. Proxy shall not have a right to speak at the Meeting and shall not be entitled to vote except on a poll.

4. A person appointed as Proxy shall act on behalf of not more than 50 Members and holding in aggregate not more than 10% of the total share capital of the Bank carrying voting rights. However, a Member holding more than 10% of the total share capital of the Bank carrying voting rights may appoint a single person as a Proxy and such Person shall not act as a Proxy for any other Person or Member.

5. Proxy in prescribed Form No. MGT-11 is enclosed herewith.

6. The Attendance at the Meeting will be regulated through the Attendance Slip and will be verified with the records maintained with the Bank. Members who hold shares in dematerialised form are requested to quote their DP ID and Client ID number(s) and those who hold shares in physical form are requested to quote their folio number(s) in the Attendance Slip to facilitate their identification at the Meeting.

7. The relevant statement pursuant to the provisions of Section 102 of the Companies Act, 2013 in respect of Item Nos. 6 to 11 of this Notice is annexed herewith.

8. Route Map for the venue of the Meeting is attached herewith, for your ready reference.

9. 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, 8th July 2017 to Wednesday, 26th July 2017 (both days inclusive), for the purpose of payment of dividend.

10. In accordance with the provisions of Section 123 of the Companies Act, 2013, the dividend for the financial year ended 31st March 2017 as recommended by the Board of Directors of the Bank, if approved by the Members 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, 7th July 2017. Remittance of the said dividend through DCS/ECS and dispatch of the dividend warrants will commence from Thursday, 27th July 2017 and is expected to be completed by Tuesday, 8th August 2017.

11. Members holding shares in physical form are requested to immediately notify any change in their address, if any, to the Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Hyderabad (Karvy) at their address mentioned below or to the Registered Office of the Bank, quoting your Folio number(s), on or before Thursday, 6th July 2017.

    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 provide to Karvy, the Bank Mandate (viz. 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, under the signature of the Sole/First shareholder quoting your Folio(s) number, on or before Thursday, 6th July 2017.

    The Bank is offering the facility of ECS/NECS in centers wherever available. The NACH Mandate Form is available on the website of the Bank and is also attached herewith. This facility will enable the Members to receive direct credit of their dividend.

12. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their Bank details, ECS mandates, email addresses, nominations, power of attorney, change of address/name etc. to their Depository Participant (DP) on or before Thursday, 6th July 2017. Any changes effected by the DP will be automatically reflected in the record maintained by the Depositories.

13. Members may avail of the Nomination facility available under Section 72 of the Companies Act, 2013. The relevant Nomination Form can be downloaded from the website of the Bank or Members may write to the Bank at its Registered Office, for the same.

14. Members seeking any information with regard to the financial statements of the Bank are requested to write to the Bank at its Registered Office at an early date to enable the Management to clarify the same at the Meeting.

15. SEBI has made it mandatory for every participant in the capital market to furnish details of their Income Tax Permanent Account Number (PAN). Accordingly, all Shareholders holding shares in physical form are requested to submit to Karvy, a photocopy of the PAN card duly attested, along with the Share Transfer Deed.

16. In compliance with the relevant provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014, this Notice and the Annual Report of the Bank will be sent by e-mail to those Members who have registered their email address with their DP (in case of electronic shareholding) or with Karvy (in case of physical shareholding).

    We, therefore request the Members to register their email ID with their DP (in case of electronic shareholding) or with Karvy (in case of physical shareholding) mentioning your demat account / Folio no(s).

    However, in case you wish to receive the above documents in physical form, you may write to Karvy at the address mentioned below or send an email to axisgogreen@karvy.com, mentioning your demat account details / Folio no(s) to enable Karvy to record your decision and arrange to send the said documents to your registered address, free of cost.

17. Shareholders may write to the Company Secretary at the Registered Office or to Karvy regarding transfer of shares held in physical form or for conveying their grievances, if any, at below mentioned addresses:

    Axis Bank Limited
    [CIN: L65110GJ1993PLC020769]
    Registered Office:
    'Trishul', 3rd Floor,
    Opp. Samartheshwar Temple,
    Law Garden, Ellisbridge,
    Ahmedabad – 380006, Gujarat.
    Website: www.axisbank.com
    Phone No. : +91-79-6630 6161
    Fax No. : +91-79-2640 9321
    Email: shareholders@axisbank.com

    Karvy Computershare Private Limited
    Unit: Axis Bank Limited
    Karvy Selenium Tower B,
    Plot 31-32, Gachibowli,
    Financial District, Nanakramguda,
    Hyderabad – 500 032.
    Phone No. : 1800-345-4001 /+91-40-6716 2222
    Fax No. : +91-40-2300 1153
    Email: einward.ris@karvy.com
    Contact Persons:
    Shri M. R. V. Subrahmanyam, General Manager (RIS)
    Smt. Varalakshmi, Assistant General Manager (RIS)
    Shri G. Vasanth Rao Chowdhari, Manager (RIS)

18. **Remote E-Voting:**

I. In compliance with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the Bank is pleased to provide remote e-voting facility through Karvy, to enable its Members to cast their votes electronically on all the items as set out in this Notice.

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 exercise their vote, by using the enclosed Ballot Form. Any 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 appointed for the said purpose in the enclosed self-addressed pre-paid postage Business Reply Envelope. Postage charges in this regard will be borne and paid by the Bank. Please note that the said pre-paid postage Business Reply Envelope should reach the Scrutinizer on or before the close of business hours on Friday, 21st July 2017.

III. The Bank has appointed Shri Nimai G. Shah (Membership No. 100932) Partner, Chandabhoy & Jassoobhoy, Chartered Accountants or failing him Shri Gautam N. Shah (Membership No. 012679) Partner, Chandabhoy & Jassoobhoy, Chartered Accountants as the Scrutinizer for conducting the remote e-voting process in a fair and transparent manner. Remote e-voting is optional.

IV. The voting rights of the shareholders shall be in proportion of their shareholding to the total issued and paid up equity share capital of the Bank as on the cut-off date viz. Wednesday, 19th July 2017, subject to the provisions of Section 12 of the Banking Regulation Act, 1949 and RBI Circular No. 97/16.13.100/2015-16 dated 12th May 2016.

V. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.

VI. The instructions for remote e-voting, are as under:

- **In case of Members receiving Notice by e-mail:**

(i) Enter the login credentials (i.e. User ID & Password) mentioned in the e-mail, your Folio / DP ID & Client ID will be your USER ID. Please note that the password is an initial password.

(ii) Use the following URL for remote e-voting:

From Karvy website: http://evoting.karvy.com

(iii) Shareholders of the Bank holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.

(iv) Enter the login credentials. Your Folio No/DP ID Client ID will be your user ID.

(v) After entering the details appropriately, click on LOGIN.

(vi) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile number, email ID etc., on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vii) You need to login again with the new credentials.

(viii) On successful login, the system will prompt you to select the EVENT i.e. Axis Bank Limited.

(ix) On the voting page, enter the number of shares as on the said cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially any number in AGAINST but the total number in FOR/AGAINST taken together should not exceed your total shareholding, as on the said cut-off date. You may also choose the option ABSTAIN.

(x) Shareholders holding multiple folios/demat account shall choose the voting process separately for each folios/demat account.

(xi) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Shareholders can login any number of times till they have voted on the Resolution.

(xii) Once the vote on the Resolution is cast by the Shareholder, he shall not be allowed to change it subsequently.

(xiii) Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to cnjabd@vsnl.net with a copy marked to evoting@karvy.com.

(xiv) The remote e-voting period shall commence on Saturday, 22nd July 2017 (9:00 A.M.) and will end on Tuesday, 25th July 2017 (5:00 P.M.). During this period Shareholders' of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, 19th July 2017, may cast their vote electronically. The remote e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a Resolution is cast by the Shareholder, the Shareholder shall not be allowed to change it subsequently. Further, the Shareholders who have cast their vote electronically may also attend the Meeting, however they shall not be able to vote again at the Meeting.

(xv) In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Shareholders and remote e-voting User Manual for Shareholders available at the download section of http://evoting.karvy.com or contact Karvy Computershare Private Limited at Tel No. 1800 345 4001 (toll free).

- **In case of Members receiving Notice by Post/Courier:**

(i) Initial password is provided, as below, in the attendance slip of the Meeting.

EVENT (E-Voting Event Number)	USER ID	PASSWORD/PIN

(ii) Please follow the steps stated at serial Nos. VI (ii) to VI (xv) above, to cast your vote by electronic means.

VII. Voting will also be conducted after conclusion of the Meeting by way of Poll, to enable any Shareholder who has not cast their vote through remote e-voting or Ballot Form, in accordance with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended.

VIII. 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 submit not later than 48 hours of the conclusion of the Meeting, a Consolidated Scrutinizer's Report of the total votes cast in favor and against, if any, to any one of the Directors duly authorized by the Board, who shall countersign the same.

IX. The Results declared along with the Scrutinizer's Report will be communicated to Stock Exchange immediately after the Results are declared by any one of the Directors duly authorized by the Board in this regard, not later than Friday, 28th July 2017 and will be uploaded on the Bank's website i.e. www.axisbank.com and Karvy's website i.e. www.karvycomputershare.com. The Results will also be displayed at the Registered and Corporate offices of the Bank.

19. All documents referred to in this Notice and the Statements setting out material facts in respect of the items of the Notice and other Statutory Registers are open for inspection by the Members at the Registered Office of the Bank from 11.00 a.m. to 1.00 p.m. on all working days except Saturdays, Sundays, Public Holidays and National Holidays, from the date hereof upto the date of this Meeting.

By Order of the Board

Girish V. Koliyote
Company Secretary
ACS 14285

Place: New Delhi
Date: 15th May 2017

ANNEXURE TO NOTICE - STATEMENT U/S 102 OF THE COMPANIES ACT, 2013

The following statement contains all material facts relating to the Special Businesses as set out in this Notice.

Item No.6

Dr. Sanjiv Misra was appointed as an Independent Director of the Bank, with effect from 12th May 2016 and thereafter as the Non-Executive (Part-Time) Chairman of the Bank for a period of three years, with effect from 18th July 2016, in terms of the approval granted by the Reserve Bank of India and the Shareholders of the Bank.

Dr. Sanjiv Misra has contributed immensely during the deliberations at the meetings of the Board and the Committee where he is a Member. He has introduced significant measures to enhance standards of governance at the Bank. He brings to the Board his rich experience and insights. The Bank has benefitted immensely from his leadership and guidance.

In view of this, the Nomination and Remuneration Committee of the Board, at its meeting held on 26th April 2017, reviewed the remuneration of Dr. Sanjiv Misra as the Chairman of the Bank, in comparison with the remuneration of the Chairman of the other peer group banks and recommended a revision in his remuneration, for the approval of the Board.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 26th April 2017, approved the revision in the remuneration payable to Dr. Sanjiv Misra as the Chairman of the Bank for a period of 1 year, with effect from 18th July 2017, subject to the approval of the Shareholders of the Bank and the Reserve Bank of India.

The brief profile of Dr. Sanjiv Misra, in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, New Delhi, has been provided after this Notice. The details of his remuneration have been mentioned in resolution No.6 of this Notice.

Dr. Sanjiv Misra does not hold any equity shares of the Bank. Dr. Misra is not related to any other Director or Key Managerial Personnel of the Bank.

The Board recommends the passing of the resolution as set out in Item No. 6 of this Notice.

Except for Dr. Sanjiv Misra and his relatives, none of the other Directors and Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the resolution as set out in Item No. 6 of this Notice.

Item No.7

During the year ended 31st March 2017, under the leadership of Smt. Shikha Sharma, the Bank has achieved 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 her exceptional track record and being recognized as amongst the most valuable CEOs in the country.

In view of above, the Nomination and Remuneration Committee, at its meeting held on 15th May 2017, reviewed the remuneration being paid to Smt. Shikha Sharma as the Managing Director & CEO of the Bank, in comparison with the remuneration of CEOs of other peer group Banks and recommended a revision in her remuneration, for the approval of the Board.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 15th May 2017 approved the revision in the remuneration by way of salary, allowances and perquisites payable to Smt. Shikha Sharma as the Managing Director & CEO of the Bank for a period of 1 year, with effect from 1st June 2017, subject to the approval of the Shareholders of the Bank and the Reserve Bank of India.

The brief profile of Smt. Shikha Sharma, in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, New Delhi, has been provided after this Notice. The details of her remuneration have been mentioned in resolution No. 7 of this Notice.

Smt. Shikha Sharma held 575,000 equity shares of ₹ 2/- each of the Bank as on 31st March 2017, allotted to her under ESOS of the Bank. Smt. Shikha Sharma is not related to any other Director or Key Managerial Personnel of the Bank.

The Board recommends the passing of the resolution as set out in Item No. 7 of this Notice.

Except for Smt. Shikha Sharma and her relatives, none of the other Directors and the Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the resolution as set out in Item No. 7 of this Notice.

Item No. 8

During the year ended 31st March 2017, under the leadership of Shri V. Srinivasan, the Bank has shown growth in operating revenue and operating profits. There has also been a growth in the Large Corporate and Treasury businesses and Shri V. Srinivasan has demonstrated his ability to take up higher responsibilities. Shri V. Srinivasan is presently heading the Corporate Banking Portfolio of the Bank which comprises of Corporate Credit, Treasury & Markets, Small and Medium Enterprise, Business Economic Research, Wholesale Banking Operations, Information Technology & Chief Information Officer, Axis Trustee, Transaction Banking & International Retail Department, Financial Institution Group, Corporate Client Coverage Group, Strategic Client Coverage Group, Strategic Initiative Group, Structured Finance Group & Stressed Assets, Government Coverage Group, New Economy Group, International Banking, Investor Relations, Finance & Accounts, Strategy & New Initiatives.

In light of the above, the Nomination and Remuneration Committee at its meeting held on 15th May 2017, reviewed the remuneration being paid to Shri V. Srinivasan as the Deputy Managing Director of the Bank in comparison with the remuneration of Executive Directors of peer group banks and recommended a revision in his remuneration, for the approval of the Board.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 15th May 2017, 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 for a period of 1 year, with effect from 1st June 2017, subject to the approval of the Shareholders of the Bank and the Reserve Bank of India.

The brief profile of Shri V. Srinivasan, in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, New Delhi, has been provided after this Notice. The details of his remuneration have been mentioned in resolution No.8 of this Notice.

Shri V. Srinivasan held 1,080,000 equity shares of ₹ 2/- each of the Bank as on 31st March 2017, allotted to him under ESOS of the Bank. Shri V. Srinivasan is not related to any other Director or Key Managerial Personnel of the Bank.

The Board recommends the passing of the resolution as set out in Item No. 8 of this Notice.

Except for Shri V. Srinivasan and his relatives, none of the other Directors and Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the resolution as set out in Item No. 8 of this Notice.

Item No. 9

During the year ended 31st March 2017, under the leadership of Shri Rajiv Anand, there has been a rapid growth in the Retail businesses of the Bank. Shri Rajiv Anand is presently heading the Retail Banking Portfolio of the Bank, which comprises of Retail Lending, Cards, Branch Banking, Digital Banking Group, Retail Liabilities & IPG, Retail Operations, Affluent Segment, Marketing & Service Quality and Strategic Business Planning and Analysis.

In view of the above, the Nomination and Remuneration Committee at its meeting held on 15th May 2017, reviewed the remuneration being paid to Shri Rajiv Anand as the Executive Director (Retail Banking) of the Bank in comparison with the remuneration of Executive Directors of peer group banks and recommended a revision in his remuneration, for the approval of the Board.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 15th May 2017, approved the revision in the remuneration by way of salary, allowance and perquisites payable to Shri Rajiv Anand as the Executive Director (Retail Banking) of the Bank for a period of 1 year, with effect from 1st June 2017, subject to the approval of the Shareholders of the Bank and the Reserve Bank of India.

The brief profile of Shri Rajiv Anand, in terms of the Secretarial Standards on General Meetings (SS-2), issued by the Institute of Company Secretaries of India, New Delhi, has been provided after this Notice. The details of his remuneration have been mentioned in resolution No. 9 of this Notice.

Shri Rajiv Anand held 380,500 equity shares of ₹ 2/- each of the Bank as on 31st March 2017, allotted to him under ESOS of the Bank. Shri Rajiv Anand is not related to any other Director or Key Managerial Personnel of the Bank.

The Board recommends passing of the resolution as set out in Item No. 9 of this Notice.

Except for Shri Rajiv Anand and his relatives, none of the other Directors and the Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the resolution as set out in Item No. 9 of this Notice.

Item No. 10

During the year ended 31st March 2017, Shri Rajesh Dahiya, effectively managed the broader role as Head - Corporate Centre and the set of diverse Portfolios which included Internal Audit, Human Resources, Compliance, Company Secretary, Corporate Communications, Administration & Security, Corporate Real Estate Services, Chief Business Relations Officer (CBRO), Corporate Social Responsibility, Ethics & Sustainability and Law. In addition, he also oversees the functioning of the Axis Bank Foundation.

In view of the above, the Nomination and Remuneration Committee at its meeting held on 15th May 2017, reviewed the remuneration being paid to Shri Rajesh Dahiya as the Executive Director (Corporate Centre) of the Bank in comparison with the remuneration of Executive Directors of peer group banks and recommended a revision in his remuneration, for the approval of the Board.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 15th May 2017, approved the revision in the remuneration by way of salary, allowance and perquisites payable to Shri Rajesh Dahiya as the Executive Director (Corporate Centre) of the Bank for a period of 1 year, with effect from 1st June 2017, subject to the approval of the Shareholders of the Bank and the Reserve Bank of India.

The brief profile of Shri Rajesh Dahiya, in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, New Delhi, has been provided after this Notice. The details of his remuneration have been mentioned in resolution No.10 of this Notice.

Shri Rajesh Dahiya held 30,000 equity shares of ₹ 2/- each of the Bank, as on 31st March 2017, allotted to him under ESOS of the Bank. Shri Rajesh Dahiya is not related to any other Director or Key Managerial Personnel of the Bank.

The Board recommends passing of the resolution as set out in Item No. 10 of this Notice.

Except for Shri Rajesh Dahiya and his relatives, none of the other Directors and Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the resolution as set out in Item No. 10 of this Notice.

Item No. 11

Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 provides that a company can issue securities including non-convertible debentures (NCDs) on a private placement basis subject to the condition that the proposed offer of debt securities or invitation to subscribe to debt securities has been previously approved by the 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 NCDs, it shall be sufficient if the company passes a special resolution only once in a year for all offer(s) or invitation(s) for issue of such NCDs on a private placement basis, during the period of one year from the date of passing of the special resolution.

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 issue of debt securities denominated in Indian rupees or any other permitted foreign currency (including but not limited to long term bonds, green bonds, non-convertible debentures, perpetual debt instruments and Tier II Capital Bonds or such other debt securities as may be permitted under RBI guidelines from time to time), on a private placement basis and/or for making offers and/or invitations thereof and /or issue(s)/ issuances thereof, on a private placement basis, during the period of one year from the date of passing of the special resolution.

Considering the above, the Board of Directors of the Bank at its meeting held on 26th April 2017 has proposed to obtain the consent of the Shareholders of the Bank for borrowing/raising funds in Indian currency/ foreign currency by issue of debt securities 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, on a private placement basis during a period of one year from the date of passing of the special resolution. The said debt securities would be issued by the Bank in accordance with the applicable statutory guidelines, for cash either at par or premium or at a discount to face value depending upon the prevailing market conditions.

The Board recommends passing of the special resolution as set out in Item No.11 of this Notice.

None of the Directors and Key Managerial Personnel of the Bank and their relatives are in any way financially or otherwise concerned or interested in the passing of the special resolution as set out in Item No. 11 of this Notice.

By Order of the Board

Girish V. Koliyote
Company Secretary
ACS 14285

Place: New Delhi
Date: 15th May 2017

Axis Bank Limited [CIN: L65110GJ1993PLC020769]
Registered Office:
'Trishul', 3rd Floor, Opp. Samartheshwar Temple,
Law Garden, Ellisbridge, Ahmedabad – 380 006, Gujarat.
Website: www.axisbank.com
Phone No. : +91-79-6630 6161
Fax No. : +91-79-2640 9321
Email: shareholders@axisbank.com

BRIEF PROFILE OF DIRECTORS BEING APPOINTED / RE-APPOINTED / WHOSE REMUNERATION IS BEING REVISED, AS SET OUT IN THIS NOTICE, IN TERMS OF THE LISTING REGULATIONS AND THE SECRETARIAL STANDARDS – 2 ON GENERAL MEETINGS (SS-2) ISSUED BY THE INSTITUTE OF THE COMPANY SECRETARIES OF INDIA, NEW DELHI.

Smt. Usha Sangwan

Smt. Usha Sangwan, 58 years, is a Non-Executive Director of the Bank since 17th October 2013. Smt. Usha Sangwan, is the first ever woman Managing Director of Life Insurance Corporation of India. She is Post Graduate in Economics and Post Graduate Diploma holder in Human Resource Management and Licentiate from the Insurance Institute of India. She joined LIC as Direct Recruit Officer in 1981.

She has worked in all core areas of life insurance including Marketing, Personnel, Operations, Housing Finance, Group Business, Direct Marketing, International Operations, Corporate Communications, Investment-Risk Management and Research, Investment - Monitoring & Accounts, Customer Relationship, New Business and Reinsurance, Corporate Planning, Estate, Office Services, Health Insurance and HRD. Presently, she is looking after Marketing, Investment Operations, Actuarial, Finance & Accounts and Information Technology for the Corporation among other assignments. Her expertise lies in analytics, strategy, execution, people skill, use of technology particularly in marketing and servicing and setting up of systems.

She has featured in Forbes List of 50 most powerful Business Women in Asia in 2015. She has been awarded the "Women Leadership Award" in BFSI sector by Institute of Public Enterprise and "Brand Slam Leadership Award" by CMO Asia. She has also been awarded "Women Leadership Role Model" by Top Rankers Management Consultants and "Corporate Leadership Award for 2014" by Colour TV. She was also felicitated by Free Press Journal and Doordarshan for Women in Leadership Role.

Smt. Usha Sangwan attended 4 Board Meetings of the Bank during the year. Smt. Usha Sangwan does not hold any equity shares of the Bank. She is not related to any other Director or Key Managerial Personnel of the Bank.

The details of directorship held by Smt. Usha Sangwan in other companies, as on 31st March 2017, are as follows:

Sr. No.	Names of the Companies	Nature of interest
1	Life Insurance Corporation of India	Managing Director
2	LIC Housing Finance Limited	Director
3	LIC Card Services Limited	Director
4	General Insurance Corporation of India	Director
5	LIC (International) BSC © Bahrain	Director
6	Life Insurance Corporation (Singapore) Pte Ltd.	Chairman
7	Kenindia Assurance Co. Ltd.	Alternate Director
8	BSE Limited	Director
9	Ambuja Cement Limited	Director

The details of Membership held by Smt. Usha Sangwan, in Board Committees of other companies, as on 31st March 2017, are as follows:

Sr. No.	Names of the Companies	Name of the Committee	Nature of interest
1	General Insurance Corporation of India	Audit Committee	Member
2	Life Insurance Corporation of India	Audit Committee	Member
		Shareholders Committee	Member

Shri B. Babu Rao

Shri B. Babu Rao, 58 years, is a Non-Executive Director of the Bank since 19th January 2016. Shri B. Babu Rao holds Bachelor degree in Engineering and has completed his Post Graduate Diploma in Business Management from the Indian Institute of Management, Ahmedabad.

Shri B. Babu Rao has more than 28 years of experience in the area of Finance, Capital Markets and Fund Management with UTI Mutual Fund.

He is currently managing the activities of the Administrator of the Specified Undertaking of Unit Trust of India (SUUTI) as its CEO on deputation from UTI Asset Management Company Ltd. During his career in UTI, 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.

He is a Member of the Stakeholders Relationship Committee, the Special Committee for Monitoring of Large Value Frauds and the Customer Service Committee of Directors of the Bank. Shri B. Babu Rao attended 6 Board Meetings of the Bank during the year. Shri B. Babu Rao does not hold any equity shares of the Bank. He is not related to any other Director or Key Managerial Personnel of the Bank.

The details of directorship held by Shri. B. Babu Rao in other companies, as on 31st March 2017, are as follows:

Sr. No.	Names of the Companies	Nature of interest
1	Stock Holding Corporation of India Ltd. (SHCIL)	Director
2	UTI Infrastructure Technology & Services Ltd. (UTIITSL)	Director
3	Axis Securities Limited	Director
4	National Financial Holdings Company Limited	Director
5	Ceybank Asset Management Ltd., Colombo, Sri Lanka	Director

The details of Membership held by Shri B. Babu Rao in Board Committees of other companies, as on 31st March 2017, are as follows:

Sr. No.	Names of the Companies	Name of the Committee	Nature of interest
1	Stock Holding Corporation Of India Limited	Audit Committee	Member

Dr. Sanjiv Misra

Dr. Sanjiv Misra, 69 years, was appointed as an Independent Director of the Bank on 12th May 2016 and thereafter as the Non-Executive (Part Time) Chairman of the Bank, with effect from 18th July 2016. Dr. Sanjiv Misra graduated in Economics from St. Stephen's College, Delhi. He has a Master's degree in Economics from the Delhi School of Economics, a Master's degree in Public Administration from the Harvard Kennedy School, USA and a Ph. D from the Jawaharlal Nehru University, New Delhi. At Harvard University, he was designated 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 the 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 13th Finance Commission, a constitutional position with the rank of a Minister of State.

Dr. Misra has been a member of the Advisory Council of the Asian Development Bank Institute, Tokyo. He was also a member of the Committee on Fiscal Consolidation (Kelkar Committee) set up by the Finance Minister in August 2012 to chart out a road map for fiscal consolidation for the Indian economy. He is currently a member of the Board of Governors of the Indian Council on Research in International Economic Relations (ICRIER), an internationally reputed think tank. Dr. Misra has several publications on policy issues to his credit.

Dr. Misra is a Member of the Risk Management Committee of Directors of the Bank. Dr. Misra attended 7 Board Meetings of the Bank during the year.

The details of directorship held by Dr. Sanjiv Misra in other companies, as on 31st March 2017, are as follows:

Sr. No.	Names of the Companies	Nature of interest
1	Akzo Nobel India Limited	Director
2	Hindustan Unilever Limited	Director

The details of Membership held by Dr. Sanjiv Misra in Board Committees of other companies, as on 31st March 2017, are as follows:

Sr. No.	Names of the Companies	Name of the Committee	Nature of interest
1	Akzo Nobel India Limited	Audit Committee	Chairman
2	Hindustan Unilever Limited	Audit Committee	Member

Smt. Shikha Sharma

Smt. Shikha Sharma, 58 years, is the Managing Director & CEO of Axis Bank, India's third largest private sector bank. Smt. Sharma Joined the Bank in 2009 as the Managing Directer. As a leader adept at managing change, she has focused on transforming the Bank with strengths across a wide range of Corporate and Retail Banking products.

She has focused on strengthening its retail lending franchise, enlarged its investment banking & advisory capabilities and developed a comprehensive portfolio of products in the payments space.

Smt. Sharma has done her B.A.(Hons.) in Economics and completed her Post Graduate Diploma in Business Management from the Indian Institute of Management, Ahmedabad. She has Post Graduate Diploma in Software Technology from the National Centre for Software Technology, Mumbai.

Smt. Sharma has more than three decades of experience in the financial sector having begun her career with ICICI Bank Ltd. in 1980. In her 29-year tenure with the ICICI group, Smt. Sharma was instrumental in setting up ICICI Securities–a joint venture between ICICI Bank Ltd. and JP Morgan, besides setting up various group businesses for ICICI, including investment banking and retail finance. In her last assignment at ICICI, as Managing Director & CEO of ICICI Prudential Life Insurance Company Ltd., she built and contributed remarkably to make it the No. 1 private sector Life Insurance Company in India.

Smt. Sharma chairs the Confederation of Indian Industry (CII) National Committee on Banking since 2015. She was a member of Reserve Bank of India (RBI) Technical Advisory Committee. Smt. Sharma was also a part of RBI's panel on Financial Inclusion, the Committee on Comprehensive Financial Services for Small Businesses and Low-Income Household. She has been the Co-Chairperson of Federation of Indian Chambers of Commerce and Industry (FICCI) Banking & Financial Institutions Committee 2013-15 and she is a member of Visa's Senior Client Council, APCEMEA (Asia –Pacific, Central Europe, Middle East & Africa).

As an acknowledgement of her efforts, Harvard Business School has published a case study on Managing Change at Axis Bank in 2013.

Smt. Sharma's achievements in the financial sector have received wide recognition. She is a recipient of many business awards notably; 'Banker of the Year' for 2014-15 by Business Standard, AIMA - JRD Tata Corporate Leadership Award for the Year 2014, India's Most Valuable CEOs by Businessworld-2013, India's Best Women CEO by Business Today- 2013 and many more.

The Bank was conferred the certificate of recognition for excellence in Corporate Governance by the Institute of Company Secretaries of India (ICSI), for the year 2015. The Bank was ranked as the 'Most Trusted Private Sector Bank' second year in a row - 'Most Trusted Brand Survey', conducted by Brand Equity, Economic Times in 2015. Axis Bank was ranked No. 1 company to work for in the BFSI sector - 'The Best Companies to Work for' survey by Business Today in 2013. Axis Bank Foundation, the Corporate Social Responsibility (CSR) arm of the Bank was conferred upon as the 'Outstanding Corporate Foundation' at Forbes India, Philanthropy Awards, 2014.

Under Smt. Sharma's leadership, the Bank has received many awards notably, 'Bank of the Year in India' for the year 2016 by the Banker Magazine, Financial Times. Axis Bank has been recognized as the 'Socially Aware Corporate of the Year' by Business Standard's Corporate Social Responsibility Awards 2016. The Bank emerged as the 'Best Digital Bank' in the Business Today- KPMG survey 2016.

As on 31st March 2017, Smt. Sharma is the Chairperson of the Committee of Whole-time Directors and the Review Committee of the Board. She is also a member of the Special Committee of the Board of Directors for Monitoring of Large Value Frauds, Committee of Directors, Risk Management Committee, Acquisitions, Divestments & Mergers Committee and IT Strategy Committee of Directors of the Bank. Smt. Shikha Sharma attended 7 Board Meetings of the Bank during the year.

The details of directorship held by Smt. Shikha Sharma in other companies, as on 31st March 2017 are as follows:

Sr. No.	Names of the Companies	Nature of interest
1	Axis Asset Management Company Limited	Chairperson
2	Axis Capital Ltd.	Chairperson

Smt. Shikha Sharma is not a Member of any Board Committee in the said companies.

Shri V. Srinivasan

Shri V. Srinivasan, 52 years, joined the Bank in September, 2009 as the Executive Director (Corporate Banking). Shri V. Srinivasan was elevated as the Deputy Managing Director of the Bank, w.e.f. 21st December 2015. Shri V. Srinivasan qualified as an engineer from the College of Engineering, Anna University, Chennai and completed his Post Graduate Diploma in Business Management, from the Indian Institute of Management, Calcutta in 1990.

Shri V. Srinivasan has more than two decades of experience in the financial services industry and has worked in the areas of Corporate Banking, Investment Banking, Treasury and Foreign Exchange Management. He began his career in the financial service industry with ICICI Ltd., in its Merchant Banking Division in 1990. He was part of the start-up team of ICICI Securities and Finance Company Ltd. (I-Sec), the joint venture between ICICI Limited and J P Morgan and headed its Fixed Income business.

He has served on various RBI Committees such as the Technical Advisory Committee, Committee of Repos and Committee for STRIPS. He has also held the positions of Chairman, Fixed Income Money Market and Derivatives Association of India (FIMMDA) and Chairman, Primary Dealers Association of India (PDAI). Currently, he is a Member of CII National Committee on Banking.

Shri V. Srinivasan is a member of the Committee of Directors, Committee of Whole Time Directors, IT Strategy Committee and Review Committee of the Board of Directors of the Bank. Shri V. Srinivasan attended 7 Board Meetings of the Bank during the year.

The details of directorship held by Shri. V. Srinivasan in other companies, as on 31st March 2017, are as follows:

Sr. No.	Names of the Companies	Nature of interest
1	Axis Trustee Services Limited	Director
2	Axis Finance Limited	Director
3	Axis Capital Limited	Director
4	Axis Private Equity Limited	Director
5	Axis Bank UK Limited	Director
6	Axis Securities Europe Limited	Director
7	A.TREDS Limited	Chairman

Shri. V. Srinivasan is not a Member of any Board Committee in the said companies.

Shri Rajiv Anand

Shri Rajiv Anand, 51 years, joined the Bank in May 2013 from its asset management arm, Axis Asset Management Co. Ltd., where he was the Managing Director & CEO. He was appointed as the President (Retail Banking) and was thereafter elevated as the Group Executive (Retail Banking) in 2014. He was appointed as a Director of the Bank on 12th May 2016 and thereafter as the Executive Director (Retail Banking) of the Bank, w.e.f. 4th August 2016. Shri Rajiv Anand is a Commerce graduate and a Chartered Accountant by qualification.

Over a career spanning more than 25 years, Shri Rajiv Anand has focused on various facets of the financial services industry having held key management positions at leading global financial institutions. He is widely recognized for his strengths in capital markets and successfully building new businesses to scale. He has led an award winning investment management team at the erstwhile Standard Chartered AMC. He was Business Standard Debt Fund Manager of the year in 2004.

As on 31st March 2017, Shri Rajiv Anand is a Member of the Customer Services Committee, Corporate Social Responsibility Committee, IT Strategy Committee and the Committee of Whole Time Directors of the Bank. Shri Rajiv Anand attended 6 Board Meetings of the Bank during the year.

The details of directorship held by Shri. Rajiv Anand in other companies, as on 31st March 2017, are as follows:

Sr. No.	Names of the Companies	Nature of interest
1	National Payments Corporation of India	Director
2	Axis Securities Limited	Chairman

Shri Rajiv Anand is not a Member of any Board Committee in the said companies.

Shri Rajesh Dahiya

With over 25 years of experience, Shri Rajesh Dahiya, 49 years, was appointed as a Director of the Bank on 12th May 2016 and thereafter as the Executive Director (Corporate Centre) of the Bank, w.e.f. 4th August 2016. He is a qualified engineer with a Masters in Management from Punjab University.

Before joining the 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.

In his current role, he supervises all functions under Corporate Centre viz. Internal Audit, Human Resources, Compliance, Company Secretary, Corporate Communications, Administration & Security, Corporate Real Estate Services, Chief Business Relations Officer (CBRO), Corporate Social Responsibility, Ethics & Sustainability and Law. In addition, Shri Dahiya also oversees the functioning of the Axis Bank Foundation.

As on 31st March 2017, Shri Rajesh Dahiya is a Member of the Stakeholders Relationship Committee, Special Committee for Monitoring of Large Value Frauds, Corporate Social Responsibility Committee and Committee of Whole Time Directors of the Bank. Shri Rajesh Dahiya attended 6 Board Meetings of the Bank during the year.

The details of other directorship of Shri Rajesh Dahiya in other companies, as on 31st March 2017, are as follows:

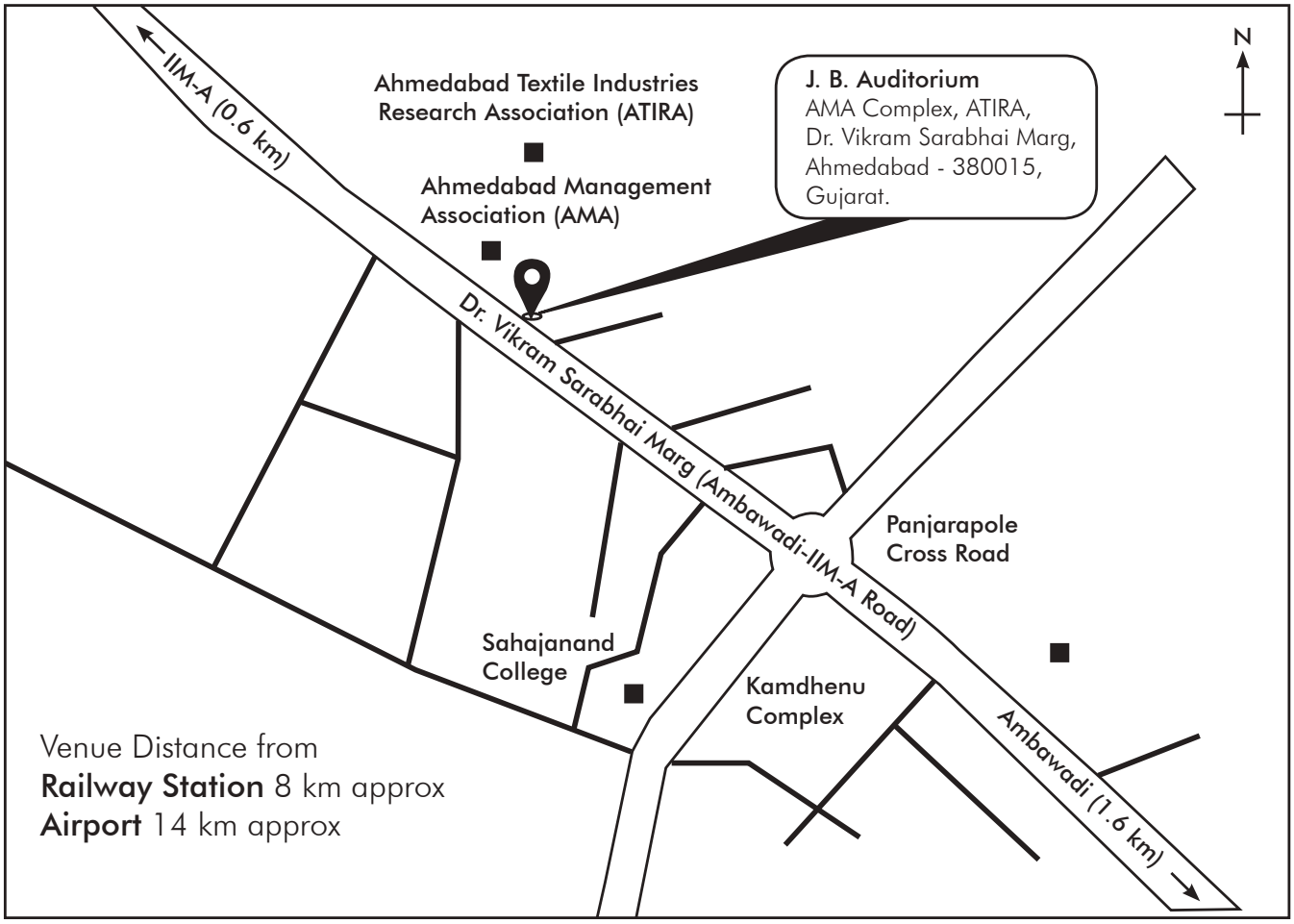
Sr. No.	Names of the Companies	Nature of interest
1	Axis Private Equity Limited	Director

Shri Rajesh Dahiya is not a Member of any Board Committee in the said company.

ROUTE MAP TO THE VENUE OF THE AGM

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

Landmark : Near Indian Institute of Management, Ahmedabad.



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AXIS BANK

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', 3rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad – 380 006, Gujarat. **Phone No.**: +91-79-66306161; **Fax No.**: +91-79-26409321 **Email Address**: shareholders@axisbank.com; **Website Address**: www.axisbank.com
Name of the Shareholder (s):	
Registered Address:	
E-mail Address:	
Folio No./ Client ID:	DP ID :

I/We, being the holder (s) of ..... equity shares of the above named company, hereby appoint

1.	Name:	
	Address:	
	E-mail Address:	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 23rd Annual General Meeting of the Company, to be held on Wednesday, 26th July 2017 at 9.30 a.m. at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015, Gujarat and at any adjournment(s) thereof, in respect of the resolution(s) as indicated below:

Sr. No.	Particulars of the Resolutions	Sr. No.	Particulars of the Resolutions
1.	To receive, consider and adopt : (a) the audited financial statements of the Bank for the financial year ended 31st March 2017 and the Reports of the Directors and the Auditors thereon; and (b) the audited consolidated financial statements for the financial year ended 31st March 2017 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 Smt. Usha Sangwan (DIN 02609263), who retires by rotation and being eligible, has offered herself for re-appointment.	4.	Appointment of a Director in place of Shri B. Babu Rao (DIN 00425793), who retires by rotation and being eligible, has offered himself for re-appointment.
5.	Ratification of the appointment of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, (Registration No. 301003E/ E300005) as the Statutory Auditors of the Bank and to hold office as such from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, subject to the approval of the Reserve Bank of India.	6.	Revision in the remuneration payable to Dr. Sanjiv Misra (DIN 03075797), as the Non-Executive (Part-Time) Chairman of the Bank, w.e.f. 18th July 2017.
7.	Revision in the remuneration payable to Smt. Shikha Sharma (DIN 00043265), as the Managing Director & CEO of the Bank, w.e.f. 1st June 2017.	8.	Revision in the remuneration payable to Shri V. Srinivasan (DIN 00033882), as the Deputy Managing Director of the Bank, w.e.f. 1st June 2017.

Sr. No.	Particulars of Resolutions	Sr. No.	Particulars of Resolutions
9.	Revision in the remuneration payable to Shri Rajiv Anand (DIN 02541753), as the Executive Director (Retail Banking) of the Bank, w.e.f. 1st June 2017.	10.	Revision in the remuneration payable to Shri Rajesh Dahiya (DIN 07508488), as the Executive Director (Corporate Centre) of the Bank, w.e.f. 1st June 2017.
11.	Borrowing / Raising funds in Indian Currency / Foreign Currency by issue of Debt Securities including but not limited to long term bonds, green bonds, non-convertible debentures, perpetual debt instruments and Tier II Capital bonds or such other debt securities as may be permitted under the RBI guidelines, from time to time, on a private placement basis, for an amount of upto ₹ 35,000 crore.		

Signed this ..... day of ..... 2017.

Affix Revenue Stamp

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.

AXIS BANK

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', 3rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad – 380 006, Gujarat
Phone	:	+91 79-6630 6161
Fax	:	+91 79-2640 9321
Email Address	:	shareholders@axisbank.com
Website Address	:	www.axisbank.com

Sr. 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(s) enumerated below, by recording my assent or dissent to the said resolution(s) 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.	**Ordinary Resolution:** **To receive, consider and adopt :**			
	(a) the audited financial statements of the Bank for the financial year ended 31st March 2017 and the Reports of the Directors and the Auditors thereon; and			
	(b) the audited consolidated financial statements for the financial year ended 31st March 2017 and the Report of the Auditors thereon.			
2.	**Ordinary Resolution:** Declaration of dividend on the Equity Shares of the Bank.			
3.	**Ordinary Resolution:**			
	Appointment of a Director in place of Smt. Usha Sangwan (DIN 02609263), who retires by rotation and being eligible, has offered herself for re-appointment			
4.	**Ordinary Resolution:** Appointment of a Director in place of Shri B. Babu Rao (DIN 00425793), who retires by rotation and being eligible, has offered himself for re-appointment.			
5.	**Ordinary Resolution:** Ratification of the appointment of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, (Registration No. 301003E/ E300005) as the Statutory Auditors of the Bank and to hold office as such from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, subject to the approval of the Reserve Bank of India.			
6.	**Ordinary Resolution:** Revision in the remuneration payable to Dr. Sanjiv Misra (DIN 03075797), as the Non-Executive (Part-Time) Chairman of the Bank, w.e.f. 18th July 2017.			

7	**Ordinary Resolution:** Revision in the remuneration payable to Smt. Shikha Sharma (DIN 00043265), as the Managing Director & CEO of the Bank , w.e.f. 1st June 2017.			
8.	**Ordinary Resolution:** Revision in the remuneration payable to Shri V. Srinivasan (DIN 00033882), as the Deputy Managing Director of the Bank, w.e.f. 1st June 2017.			
9.	**Ordinary Resolution:** Revision in the remuneration payable to Shri Rajiv Anand (DIN 02541753), as the Executive Director (Retail Banking) of the Bank, w.e.f. 1st June 2017.			
10.	**Ordinary Resolution:** Revision in the remuneration payable to Shri Rajesh Dahiya (DIN 07508488), as the Executive Director (Corporate Centre) of the Bank, w.e.f. 1st June 2017.			
11.	**Special Resolution:** Borrowing / Raising funds in Indian Currency / Foreign Currency by issue of Debt Securities including but not limited to long term bonds, green bonds, non-convertible debentures, perpetual debt instruments and Tier II Capital Bonds or such other debt securities as may be permitted under the RBI guidelines, from time to time, on a private placement basis, 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 so as to reach him on or before Friday, 21st July 2017. 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 (√) 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 5:00 p.m. on Friday, 21st July 2017. 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 Wednesday, 19th July 2017, 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 15th May 2017 convening the 23rd Annual General Meeting of the Shareholders of the Bank to be held on Wednesday, 26th July 2017 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 remote e-voting, through Ballot Form and by way of Poll conducted at the said Annual General Meeting will be uploaded on the Bank's website www.axisbank.com for the information of the Shareholders and communicated to the Stock Exchanges where the Bank's shares are listed, in accordance with the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AXIS BANK

NACH MANDATE FORM
(Only For Shares Held In Physical Mode)

To
Karvy Computershare Private Limited
Unit: Axis Bank Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032.

I hereby consent to have the amount of dividend declared on the equity shares of Axis Bank Limited credited through the National Automated Clearing House (Credit Clearing) - (NACH). The particulars are:

1. Folio No._____

2. Name of 1st Registered holder _____

3. Bank Details _____

   - Name of Bank _____
   - Full address of the Branch _____
   - Account Number _____
   - IFSC Code_____ MICR _____
   - Account Type : (Please tick the relevant box for Savings Bank Account or Current Account or Cash Credit Account)

10 - Savings	11 - Current	12 - Cash Credit

   (Please attach a photocopy of a cheque for verifying the accuracy of the code number):

4. Email ID of 1st Registered holder_____

5. PAN of 1st Registered holder _____

6. Mob. No. _____ / Landline No. with STD code: _____

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I will not hold the Bank responsible for the same.

Signature : _____

(Signature of the 1st Registered holder as per
the specimen signature with the Bank)

Date : _____

(Note: In case the dividend paid through electronic mode is rejected by the corresponding bank, for any reason whatsoever, the Bank will issue a dividend warrant.)

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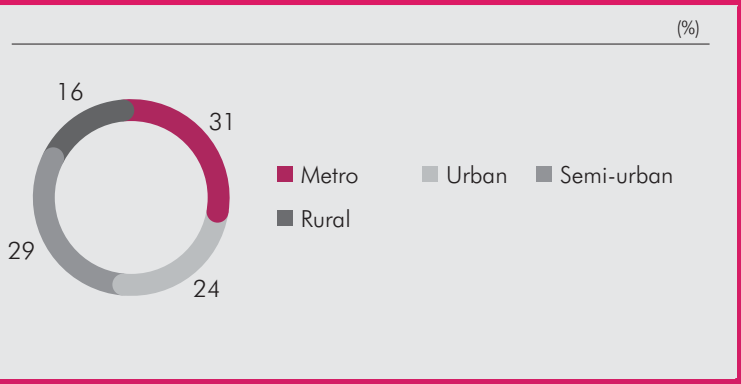
PAN-INDIA PRESENCE

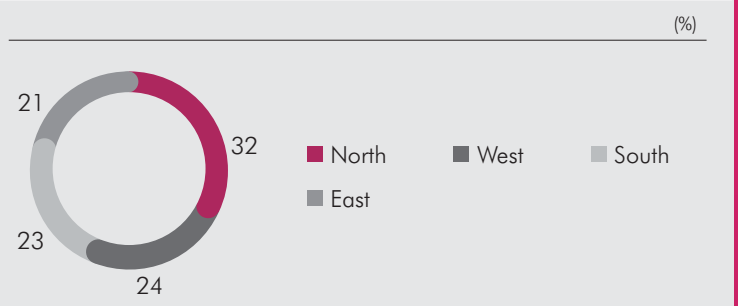
Branch classification*

Classification	No. of branches
Metro	1,027
Urban	783
Semi-urban	953
Rural	541



Region-wise branch spread*

Classification	No. of branches
North	1,059
West	787
South	771
East	687



14,163 ATMS

1,349 RECYCLERS

3,304 BRANCHES*

54 SME CENTRES

*Domestic branches, including extension counters

Registered Office:
'Trishul', 3rd Floor, Opp. Samartheshwar Temple, Law Garden,
Ellisbridge, Ahmedabad – 380 006
Tel. No.: 079-6630 6161 Fax No.: 079-2640 9321
Email: shareholders@axisbank.com
Website: www.axisbank.com

Corporate Office:
'Axis House', C-2, Wadia International Centre,
Pandurang Budhkar Marg,
Worli, Mumbai - 400 025
Tel. No.: 022-2425 2525 Fax No.: 022-2425 1800

aicl.in

Axis Bank Limited
Business Responsibility Report 2016-17

(Pursuant to regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"))

Introduction:

The Bank's Sustainability Framework is a stakeholder-centric framework which guides the Bank in in achieving its sustainability objectives. The Framework is aligned to the Business Responsibility principles as prescribed under the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE) released by Ministry of Corporate Affairs, Government of India. The disclosures made under this report are meant to give the reader a brief insight on various initiatives taken by the Bank and the performance achieved thereby, on the nine principles of Business Responsibility. Adopting global best practices, the Bank also makes detailed disclosures on its sustainability initiatives and performance through its Sustainability Report. The Sustainability Report is prepared using Global Reporting Initiative (GRI) G4 reporting guidelines and is externally assured. The second Sustainability Report of the Bank was published for 2015-16 and similar report shall be published for the year 2016-17. In accordance with the Securities and Exchange Board of India (SEBI) circular CIR/CFD/CMD/10/2015 dated November 04, 2015, disclosures made under this report are also referenced to the disclosures made under the Bank's Sustainability Report.

The Sustainability Report and previous Business Responsibility Reports of the Bank can be accessed at https://www.axisbank.com/csr/csr-reports-and-disclosures

Section A: General Information about the Company		
1.	Corporate Identity Number (CIN) of the Company	L65110GJ1993PLC020769
2.	Name of the Company	Axis Bank Limited
3.	Registered address	"TRISHUL", Third Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006
4.	Website	www.axisbank.com
5.	Email id	sustainability@axisbank.com
6.	Financial year reported	2016-17
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Section K: Financial and Insurance Activities Code: 64191
8.	Three key products/services of the Company (as in balance sheet)	• Deposits • Loans • Investments and foreign exchange

9(i).	Number of international locations	8 (including overseas subsidiary)
9(ii).	Number of National locations	3,295 branches
10.	Markets served by the Company – Local/State/National/International/	Domestic: Pan India International: Singapore, Hong Kong, Dubai International Financial Centre (DIFC), Colombo, Shanghai. Representative offices in Dubai, Abu Dhabi and Bangladesh, and an overseas banking subsidiary in the United Kingdom.

Section B: Financial Details of the Company		
1.	Paid up capital (₹crores)	479.01
2.	Total turnover (₹crores)	56,233.48
3.	Total profit after taxes (₹crores)	3,679.28
4.	CSR spend as percentage of profit after tax (%)	1.38 % (based on average net profits of last 3 financial years computed as per Section 198 of the Companies Act, 2013)
5.	List of CSR activities	The Bank undertakes various CSR activities in accordance with its 'Policy on Corporate Social Responsibility'. The CSR activities are undertaken by the Bank or through Axis Bank Foundation (ABF) or through any other Trust or agencies and entities as deemed suitable. The primary purpose of the Bank's CSR philosophy is to make a meaningful and measurable impact in the lives of economically, physically and socially challenged communities of the country through an integrated approach of development which focuses on creating sustainable livelihood, promoting education and skills development, creating awareness amongst public at large on public interest topics including financial literacy, facilitating and providing access to formal banking channels for excluded sections, promoting environmental sustainability, and supporting health and sanitation initiatives. *Please refer the Bank's Annual Report 2016-17 for information on CSR activities.* *Additional information on the Bank's CSR*

		initiatives can be found in the 'Communities' section of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

Section C: Other details		
1.	Company subsidiaries/joint-ventures	Subsidiary companies i. Axis Capital Limited ii. Axis Securities Limited iii. Axis Private Equity Limited iv. Axis Trustee Services Limited v. Axis Asset Management Company Limited vi. Axis Mutual Fund Trustee Limited vii. Axis Finance Limited viii. Axis Bank UK Limited ix. Axis Securities Europe Limited
2.	Subsidiaries participating in Company's Business Responsibility (BR) initiatives	i. Axis Capital Limited ii. Axis Securities Limited iii. Axis Trustee Services Limited iv. Axis Asset Management Company Limited v. Axis Mutual Fund Trustee Limited vi. Axis Finance Limited
3.	Other entities ((e.g. suppliers, distributors etc.) participating in Company's BR initiatives	Nil

Section D (1): Business Responsibility Information		
1.a.	Director responsible for implementation of BR policies, Director Identification Number (DIN)	07508488
	Director responsible for implementation of BR policies (Name)	Mr. Rajesh Dahiya
	Director responsible for implementation of BR policies (Designation)	Executive Director (Corporate Centre)
1.b.	BR Head (DIN, if applicable)	N.A.
	BR Head (Name)	Mr. Suresh Warrier
	BR Head (Designation)	Senior Vice President & Head, Corporate Affairs

	BR Head (Telephone number)	+91-22-2425-2525
	BR Head (email id)	sustainability@axisbank.com

Section D (2): BR Information - Principle-wise (as per NVGs) BR Policy/Policies (Yes/No)										
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for....#	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify?	Y*	Y*	Y*	Y*	Y*	Y*	-	Y*	Y*
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y**	Y**	Y**	Y**	Y**	Y**	-	Y**	Y**
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	The following policies are available on the Bank's website www.axisbank.com • Code of Bank's Commitment to Customers • Code of Bank's Commitment to Medium and Small Enterprises (MSE) • Customer Compensation Policy of the Bank • Banker's Fair Practice Code • Grievance Redressal Policy • Code of Conduct and Conflict of Interest Norms in respect of Board of Directors • Code of Conduct & Ethics for Senior Management • Policy on Corporate Social Responsibility • Citizen's Charter – A Charter for Customer Service • Customer Rights Policy • Code of Conduct for Direct Selling Agents • Policy on Related Party Transactions • Comprehensive Deposit Policy • Policy on Collection of Dues and Repossession of Securities • Code of Practices and Procedures for Fair Disclosure								

		of Unpublished Price Sensitive Information (UPSI) • Policy for lending to Micro Small & Medium Enterprises (MSMEs) • Privacy Policy The remaining policies being internal documents are only available to the employees through the Bank's intranet. The following policies of the Bank's subsidiaries companies are available on their respective websites as given below Axis Asset Management Company Limited (www.axismf.com) • Privacy Policy • Voting Policy Axis Securities Limited (www.axisdirect.co.in) • Privacy Policy • Policies and Procedures Pertaining to Dealing with Clients Axis Finance Limited (www.axisfinance.co.in) • Code of Conduct [Directors and Senior Management] • Fair Practice Code • Privacy Policy • Interest Rate Policy • CSR Policy Axis Capital Limited (www.axiscapital.co.in) • Policy on Inactive Client Accounts • Policy against Circulation of Rumors • Policy on code modification • Citizens Charter • Policy on Corporate Social Responsibility Axis Trustee Services Limited (www.axistrustee.com) • Policy on Corporate Social Responsibility • Privacy Policy								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. Policies have been communicated to all key internal stakeholders of the Bank. The communication on policies covering all internal and external stakeholders is an on-going process.								
8.	Does the company have in-house structure to implement	Y	Y	Y	Y	Y	Y	-	Y	Y

	the policy/policies?									
9.	Does the Company have a grievance re-dressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Head of Departments are responsible for effective implementation of the policies. The Compliance Department monitors the adherence to implementation of policies mandated by RBI.								

Section D: BR Information - Principle-wise (as per NVGs) explanation										
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Not understood the principles. .	-	-	-	-	-	-	-	-	-
2.	Not at a stage where it finds itself in a position to formulate and implement the policies on specified principles . . .	-	-	-	-	-	-	-	-	-
3.	Does not have financial or manpower resources available for the task . . .	-	-	-	-	-	-	-	-	-
4.	Planned to be done within next 6 months . . .	-	-	-	-	-	-	-	-	-
5.	Planned to be done within the next 1 year . .	-	-	-	-	-	-	-	-	-
6.	Other reasons . . .	-	-	-	-	-	-	^Refer to the response below	-	-

^ The Bank along with its subsidiaries works closely with collective trade and industry associations, while there is no specific policy outlined for this principle.

Principle-wise policies

P1	Compliance Policy, Whistleblower Policy, Anti Money Laundering Policy, Policy on prevention and reporting of frauds, Policy on recognition/rewards for detection of fraud, Code of Bank's Commitment to Customers, Code of Bank's Commitment to Micro and Small Enterprise, Code of Conduct and Ethics, Code of Conduct and Conflict of Interest Norms in respect of Board of Directors, Code of Conduct for Direct Selling Agents, Policy on Related Party Transactions, Code of Practices and Procedures

	for Fair Disclosure of Unpublished Price Sensitive Information (UPSI), Supplier Code of Conduct
P2	Code of Bank's Commitment to Micro and Small Enterprise, Sustainable Lending Policy and Procedures, Credit Policy (SME Priority Sector exposures: Concessionary pricing), Policy for lending to Micro Small & Medium Enterprises (MSMEs)
P3	Remuneration Policy, Staff Housing Loan Policy, Staff Rules and Guidelines (covering leave policy, insurance benefits, superannuation scheme etc.), Policy on Prevention of Sexual Harassment, Policy on Safety for Women at Workplace, Policy on Human Rights
P4	Code of Bank's Commitment to Micro and Small Enterprise, Policy on Corporate Social Responsibility Policy, Credit Policy (SME Priority Sector exposures: Concessionary Pricing,), Policy for lending to Micro Small & Medium Enterprises (MSMEs)
P5	Policy on Human Rights, Code of Conduct and Ethics
P6	Policy on Environment Management
P8	Financial Inclusion practices, Policy on Corporate Social Responsibility
P9	Code of Bank's Commitment to Customers, Code of right sell for liability & investment products, Policy on outsourcing of financial services, Consumer Lending Credit Policy, Information Systems Security Policies, Citizen's Charter – A Charter for Customer Service, Customer Rights Policy, Comprehensive Deposit Policy, Policy on Collection of Dues and Repossession of Securities, Privacy Policy

* The policies are developed and aligned to applicable legal requirements, RBI norms and guidelines, requirements of listing agreement with stock exchanges, the Bank's internal requirements and best practices.

**The policies are approved by the Board of Directors or Committee of the Board of Directors or senior management of the Bank

Section D (3): BR Governance		
3.a.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The performance on aspects of BR is reviewed by the Bank's Management Committee, headed by its MD & CEO on periodical basis, and atleast once a year put up to the Board. Review of Sustainability Framework of the Bank is also part of the charter of the Committee of Whole-Time Directors.
3.b.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	BR Report and Sustainability Report Frequency: Annual Hyperlink: https://www.axisbank.com/csr/csr-reports-and-disclosures

Section E: Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint-Ventures/Suppliers/Contractors/NGOs/ Others?**
   The Bank's Code of Conduct and Ethics details the ethical principles that all employees are expected to adhere to. The Code is applicable to all employees and covers aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption. The Code of Conduct and Conflict of Interest Norms In Respect of Board of Directors is a separate code which guides the Board members in ensuring highest ethical standards in managing the affairs of the Bank.
   The Bank has adopted Indian Banks' Association's 'Model Code of Conduct for Direct Selling Agents' and is applicable to all persons involved in marketing and distribution of any loan or other financial product of the Bank. During the year, the Bank has also developed a 'Supplier Code of Conduct' (SCoC) as part of 'Vendor Management Framework' (VMF). SCoC outlines the minimum ethical standards that all vendors of the Bank are required to abide by. Currently, the VMF is being rolled-out in a phase-wise manner across the Bank.
   Similar to the Bank, all subsidiaries have set their individual Codes of Conduct for their employees.
   For additional information, please refer to the 'Ethics & Risk Management' section of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**
   The Bank has established various channels of communication, including grievance redressal mechanisms, for stakeholders to communicate their expectations and concerns. The details of the stakeholder complaints are as below.

	Pending as on 31.03.2016	Received during 2016-17	Redressed during 2016-17	Pending as on 31.03.2017
Customer complaints*	9,499	3,37,673	3,04,988	42,184
Investor complaints	Nil	768	768	Nil
Consumer cases	1,356	169	134	1,391

**The information does not include complaints redressed within the next working day*

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   The Bank is cognizant of its role in promoting inclusive growth and equitable development while contributing to environmental sustainability. Financial inclusion is a vital enabler for inclusive growth and the Bank plays an important role in furthering the financial inclusion agenda of the Government under the ambit of Jan Dhan – Aadhar – Mobile (JAM) vision. The Bank through its strong nation-wide presence advances the financial inclusion agenda by offering Basic Savings Bank Deposit Account / Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts and promoting social security insurance and pension schemes offered by Government of India. The Bank provides microfinance to women groups under 'Axis Sahyog' program to conduct livelihood activities which can augment their family income. 'Asha Home Loans' is an affordable housing loan product catering to low-income and economically weaker sections of society. The Bank is also authorised to open 'Sukanya Samriddhi Yojana Accounts' small deposits scheme for girl child welfare. All of these products and services have inherent social opportunities to promote inclusive growth and equitable development.

   The Bank's 'Sustainable Lending Policy and Procedures' (SLPP) is an environmental and social risk management framework for project financing and lending activities. SLPP supplements credit risk management for qualifying projects and is effective from 1st April, 2016. During the year, the Bank has also launched India's first certified 'Green Bonds' in international market. The proceeds of 'Green Bonds' shall be utilised to finance and/or refinance environment-friendly projects as described in the Bank's Green Bond Framework. The Framework is aligned to internationally accepted Climate Bonds Initiative (CBI) Green Bonds Standards.

   For additional information, please refer to the 'Customers' and 'Environment' sections of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   i. **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not applicable considering the nature of banking products and services

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

   Considering the nature of banking products which is service oriented and not material resource intensive, sustainable sourcing for the Bank's products is not applicable. However, as a responsible corporate citizen the Bank endeavours to reduce the environmental impact of its operations. Paper is one of the key materials that the Bank uses. The Bank has made conscious efforts to procure wheat-straw based paper which is environment friendly compared to conventional wood based paper. During the year, the Bank procured 628 tonnes of wheat-straw based paper which is 55% of the total office paper procurement. During the year, the Bank has also developed comprehensive 'Vendor Management Framework' which incorporates sustainability related elements across various phases of vendor management.

   For additional information, please refer to the 'Environment' sections of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The nature of banking products is service oriented and not material resource intensive, and the Bank does not procure goods for further processing. The manpower services required for offices and branches are generally hired from local agencies where possible. Axis Bank Foundation, through its community development initiatives, helps communities including women entrepreneurs and local & small producers through market linkages to sell their produce.

   For additional information, please refer to the 'Communities' sections of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The nature of banking products is service oriented and not material resource intensive, and hence recycling of products is not applicable for the Bank's products. The Bank has a recycling program under 'Green Banking' initiative to recycle dry waste collected in offices and branches into note pads, note books and envelopes. Since its inception in August 2011, the program resulted in recycling of 293 tonnes of dry waste into 39,010 items viz. notebooks, notepads, envelopes and bookmarks. The Bank has also installed Organic Waste Composter at its central office in Mumbai to convert organic (kitchen) waste into manure.

For additional information, please refer to the 'Environment' sections of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

Principle 3: Businesses should promote the wellbeing of all employees

1. **Please indicate the Total number of employees (as at 31.03.2017)**

   56,617

2. **Please indicate the Total number of employees hired on temporary/ contractual/ casual basis. (as at 31.03.2017)**

   17,819

3. **Please indicate the Number of permanent women employees. (as at 31.03.2017)**

   12,787

4. **Please indicate the Number of permanent employees with disabilities (as at 31.03.2017)**

   37

5. **Do you have an employee association that is recognized by management?**

   The Bank does not have an employee union. The Bank respects the right of 'Freedom of Association'. The Bank ensures that all employee grievances are received and addressed through various channels such as H-Response (virtual helpdesk to handle employee queries) or the whistleblower portal.

   For additional information please refer to the 'People' section of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

6. **What percentage of your permanent employees is members of this recognized employee association?**

   Not applicable

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

   32 complaints related to sexual harassment received during the year.

   06 complaints related to sexual harassment pending as at 31.03.2017.

   No complaints related to child labour, forced labour, involuntary labour received during the year.

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**
   - **Permanent Employees**
   - **Permanent Women Employees**
   - **Casual/Temporary/Contractual Employees**
   - **Employees with Disabilities**

   The Bank's approach to employee learning is driven by a combination of business needs of the organisation and developmental needs of the employees. A blended learning approach of classroom programs, external programs, certification programs and e-learning modules is deployed to facilitate the learning process across all levels. The learning and development needs of employees are integrated with the Performance Management System. Various role-based and work-level trainings are conducted by internal and external faculty. 'Axis Academy' is the Bank's e-learning platform which enables employees to undertake e-learning courses at their convenience. The 'Competency Directory' for frontline roles like Front Desk Officers and Relationship Managers maps role-based skills to ensure consistency in customer service and adherence to regulations. Specific induction and functional training programs are conducted for customer-facing staff to ensure that they acquire the requisite skills. 'Axis LEAP' is an e-initiative rolled out on the Axis Academy online platform that offers learning collaterals along with online assessments on products, processes, compliance and customer service to the branch staff.

   Safety of employees is of utmost importance to the Bank. Periodic communication and alerts are sent to employees on safety related aspects. There are e-learning modules on fire safety which all employees are required to undertake. Regular fire drills and audits are conducted wherein awareness on fire safety and emergency preparedness is also imparted to employees.

Employee type	skill upgradation (no. of employees trained)	skill upgradation (person hours of training)
Permanent Male Employees	45,297	13,67,816.5
Permanent Female Employees	12,673	4,46,048

For additional information please refer to the 'People' section of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the company mapped its internal and external stakeholders?**
   The Bank has identified its key stakeholders and continues to engage with them on various platforms through formal and informal channels of communication.
   For additional information please refer to the 'Sustainability @ Axis Bank' section of the Sustainability Report 2015-16 and similar report shall be published for 2016-17

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**
   The Bank engages with vulnerable and marginalised sections of society through its products and community engagement initiatives. The Bank and Axis Bank Foundation engage with these stakeholders (as defined in the Principle 4 of the NVG-SEE) such as women and girls, people with disabilities, children , tribals, and migrant workers.
   Through the Rural and Inclusive banking initiatives, the Bank engages with these sections of the society to create financial literacy and further the agenda of financial inclusion through specialised products.
   The Bank also engages with the disadvantaged and marginalised communities through the Axis Bank Foundation (ABF) to create a positive impact through community development initiatives.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   The Bank reaches out to disadvantaged, vulnerable and marginalised sections of society through its rural and inclusive banking initiatives to create financial literacy and further the agenda of financial inclusion through specialised products. 'Axis Sahyog' initiative extends microfinance to women groups while 'Asha Home Loans' cater to low income segment for affordable housing loan options. Financial inclusion products such as PMJDY accounts, Government insurance and pension schemes aim to bring millions of these stakeholders under the ambit of formal banking system, thus enabling them with access to savings and capital. During the year, the Bank has bolstered its financial and digital literacy initiatives especially in rural areas to educate people on digital and alternate channels of transactions. The Bank offers specialised products and services such as Women Savings Accounts, Future Stars Savings Account, Sukanya Samriddhi Yojana Accounts and education loans to girl child at reduced interest rates. Payment and remittance services of the Bank help migrant labour send the money back home in easy, safe and secure manner. The Bank continuously strives to enhance the accessibility of its branches and ATMs to people with disabilities by providing ramps and undertaking disability friendly measures. The Bank also engages with the disadvantaged and marginalised communities through the Axis Bank Foundation (ABF) to create a positive impact through community development initiatives. ABF initiatives cater to women, children, children with disabilities, tribals and rural populace at large.

   For additional information please refer to the 'Customers' and 'Communities' section of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   The Bank and its subsidiaries are committed to upholding the dignity of every individual engaged or associated with them. The Bank has put in place a Policy on Human Rights applicable to all employees to reaffirm its commitment to human rights. The Policy on Human Rights supplements the Bank's Code of Conduct and Ethics, which lays down the acceptable employee behavior on various aspects including human rights.

For additional information please refer to the 'People' section of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   Please refer to response to point no. 2 under Principle 1 for details on stakeholder complaints.

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

   The Bank's 'Policy on Environment Management' outlines the principles that guide the Bank's efforts on managing and reducing environmental impact due to own operations. The Bank undertakes various initiatives to reduce the environmental impact of its own operations by using renewable energy, adopting energy efficiency measure and promoting digital banking services. The Bank has put in place 'Sustainable Lending Policy and Procedures' to manage the environmental and social risks in its lending operations for qualifying projects. The Bank has also raised capital through issue of 'Green Bonds' during the year. Green Bonds were in alignment with standards established by Climate Bonds Initiative, a leading NGO in this field.

   For additional information please refer to the 'Environment' section of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

2. **Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   The Bank has two-pronged approach towards addressing environmental issues. The 'Policy on Environment Management' guides the Bank's efforts in managing the environmental impacts of its own operations. The focus areas for managing direct environmental impacts and reducing the carbon footprint include improving energy efficiency, use of renewable energy, procurement of greener products (wheat-straw based paper) and waste recycling. On the business front, the Bank has exposure to sustainable sectors like renewable energy, waste management and mass rapid transportation which contribute to environmental sustainability. During the year, the Bank issued India's first certified 'Green Bonds' in international market. The proceeds of 'Green Bonds' shall be used to finance and/or re-

finance environment-friendly projects as described in the Bank's 'Green Bonds Framework'. The Bank has also implemented a 'Sustainable Lending Policy and Procedures' which is an environmental and social risk management framework for corporate lending operations. It supplements the credit risk framework for qualifying projects. Based on the risk category, Environment & Social Due Diligence of the qualifying projects in conducted and the Bank engages with project proponents towards mitigating such risks identified.

For additional information please refer to the 'Environment' section of the Sustainability Report 2015-16 accessible at https://www.axisbank.com/docs/default-source/default-document-library/9_environment.pdf?sfvrsn=0 and similar report shall be published for 2016-17. Climate change related strategies are also disclosed in the Bank's CDP Response 2016 accessible at www.cdp.net

3. **Does the company identify and assess potential environmental risks?**

   The Bank has identified key environmental risks especially pertaining to climate change. The risks are disclosed in the Bank's CDP Response 2016 accessible at www.cdp.net

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   None

5. **Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   The Bank has multipronged approach to managing its environmental impacts. Focus is placed on energy efficiency, use of solar energy, procurement of greener products (wheat-straw based paper) and waste management to reduce environmental impacts. The Bank also aims to leverage the digital banking strategy to reduce environmental impacts related to usage of paper and avoidance of travel by customers to branches. Customer awareness on 'green banking' such as e-statement subscriptions, e-welcome kits and ATM messages to avoid printing of transaction slips further support the Bank's efforts in reducing environmental impacts.

   For additional information please refer to the 'Environment' section of the Sustainability Report 2015-16 accessible at https://www.axisbank.com/docs/default-source/default-document-library/9_environment.pdf?sfvrsn=0 and similar report shall be published for 2016-17.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   N.A

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   None

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   The Bank along with its subsidiaries works closely with collective trade and industry associations. The Bank also participates in key projects and initiatives undertaken by the Government and regulators.

   Some of the key trade and industry associations where the Bank and/or its subsidiaries are represented include:

   - All India Management Association (AIMA)
   - Association of Investment Bankers of India (AIBI)
   - Association of Mutual Funds in India (AMFI)
   - Association of National Exchanges Members of India (ANMI)
   - Associated Chambers of Commerce & Industry of India (ASSOCHAM)
   - Bombay Chamber of Commerce and Industry (BCCI)
   - BSE Brokers Forum
   - Confederation of Indian Industry (CII)
   - Data Security Council of India
   - Federation of Indian Chambers of Commerce and Industry (FICCI)
   - Fixed Income Money Market and Derivatives Association (FIMMDA)
   - Foreign Exchange Dealers Association of India (FEDAI)
   - Indian Banks Association (IBA)
   - National Stock Exchange (NSE) Regional Consultative Group
   - The India Chief Human Resource Officer's Forum (CHRO)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   Through various trade and industry associations, the Bank and its subsidiaries promote policies and initiatives that aim to create efficient and transparent financial system for the country, enhance financial and digital literacy and improve access of banking system to the unbanked areas, and support key sectors of nation building and rural development. The Bank believes in integrated development of the industry by sharing and adopting best practices. The Bank also participates in key projects and initiatives undertaken by the Government and regulators.

Principle 8: Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Bank has put in place 'Policy on Corporate Social Responsibility' to guide its efforts on CSR initiatives that contribute to inclusive growth and equitable development. The primary purpose of the Bank's CSR philosophy is to make a meaningful and measurable impact in the lives of economically, physically and socially challenged communities of the country through an integrated approach of development which focuses on creating sustainable livelihood, promoting education and skills development, creating awareness amongst public at large on public interest topics including financial literacy, facilitating and providing access to formal banking channels for excluded sections, promoting environmental sustainability, and supporting health and sanitation initiatives. 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 which aims to create 1 million sustainable livelihoods by December 2017. ABF through its programs has cumulatively impacted 1.08 million beneficiaries across the focus areas and created 0.91 million livelihoods. The activities directly undertaken by the Bank focus on poverty alleviation, rural development through promoting financial literacy and enabling financial inclusion, environmental sustainability, education and skill development. During the year, the country witnessed one of the significant economic reforms to guide India to become of

a less-cash society through a multi-pronged approach of the Government of India. The Bank has re-focused its financial literacy and inclusion activities to help public at large understand and make a transition to digital and alternate channels of transactions, thereby helping create a more transparent and inclusive model of economic participation leading to common good.

The Bank's and Axis Bank Foundation's efforts on community development have been recognised through 'CII-ITC Sustainability Awards 2016' for 'Excellence in Corporate Social Responsibility'. The Bank was also recognised as 'Socially Aware Corporate of the Year' at the 'Business Standard Corporate Socially Responsible Awards 2016'.

For additional information please refer to the 'Customers' and 'Communities' section of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The Bank undertakes CSR programmes/projects directly or through Axis Bank Foundation or through any other Trust or agencies and entities as it deems suitable.

3. Have you done any impact assessment of your initiative?

Axis Bank Foundation conducts impact assessments of its programs by engaging reputed independent agencies / institutions. Highlighting the extensive work done in the area of Livelihood, ABF released a report on 'Water' in their 2nd Annual Conference, organized in December 2016. The report emphasizes the heavy dependence on water as a basic necessity for rural livelihoods, agriculture being the predominant occupation. The research report is a compilation of case studies of Axis Bank Foundation supported projects on water security and sustainable livelihood, 60% of agriculture being dependent on rainfall makes water-conservation critical for livelihood and consequently food security of the rural population.

For additional information please refer to the 'Communities' section of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   The Bank has spent ₹ 135.39 crores towards various CSR initiatives during the year 2016-17. The details of the CSR initiatives can be found in Annexure __ of the Bank's Annual Report 2016-17.

   For additional information please refer to the 'Communities' section of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Axis Bank Foundation works towards ensuring sustainability of its CSR programs beyond project period by creating an enabling environment for community adoption of such programs. Through its partner NGOs, the Foundation facilitates in empowering community members through structures such as Women Federations through capacity building measures so that the CSR interventions become self-sustaining programs beyond the project period.

   For additional information please refer to the 'Communities' section of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   Please refer the response to the point 2 under Principle 1 for details on customer complaints / consumer cases.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)**

   The Bank enables customers to make informed decisions about the Bank's products and services by providing them with right and transparent information. Product features and charges are informed to the customers during the transaction. The 'Most Important Document' contain terms of conditions including disclosures on any important disclaimers and grievance redressal procedures. The Customer is required to read and sign on this important document along with account opening / card application form. Where required

by regulators or as an industry practice, the product labelling also includes 'risk rating' of the product. Online tools also available for customers to understand their eligibility, applicable interest rates and service charges for loan products such home loans and car loans. SMS alerts are sent to customers when the charges or fees get triggered or levied in their account. Similarly, customers are made aware of free monthly ATM transactions available through SMS alerts.

For additional information please refer to the 'Customers' section of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**

   Nil

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   Annual Customer Satisfaction Survey (CSAT) is conducted by the Bank to assess the perception and expectations of customers on various aspects of our products, services and brand. At the transaction level, Customer Transaction Survey (CTS) is an on-going survey that is conducted with a sampling of customers to understand their experience with different aspects of the Bank. The insights from the surveys are discussed and process/product improvements are made based on the feedback received.

   Axis Asset Management Company Ltd. through Axis Mutual Fund seeks feedback from investors on the services provided through EasyCall (toll-free service) facility. Axis Securities Ltd. conducts customer feedback survey for active, inactive and High Networth Individuals (HNI) on various aspects of customer service including quality of research, web interface, trainings etc.

   For additional information please refer to the 'Customers' section of the Bank's Sustainability Report 2015-16 and similar report shall be published for 2016-17.