

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2018

Schedule 1 - Capital

	As at 31-03-2018 ▽	(₹ in Thousands) As at 31-03-2017
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		
2,566,538,936 (Previous year - 2,395,036,109) Equity Shares of ₹2/- each fully paid-up [refer Schedule 18 (1) (a)]	5,133,078	4,790,072

Schedule 2 - Reserves and Surplus

	As at 31-03-2018 ▽	(₹ in Thousands) As at 31-03-2017
I. Statutory Reserve		
Opening Balance	115,070,523	105,872,325
Additions during the year	689,203	9,198,198
	115,759,726	115,070,523
II. Share Premium Account		
Opening Balance	170,128,129	166,871,859
Additions during the year	88,122,658	3,256,270
Less: Share issue expenses	(136,114)	-
	258,114,673	170,128,129
III. Investment Reserve Account		
Opening Balance	-	871,671
Additions during the year	1,034,894	-
Deductions during the year	-	(871,671)
	1,034,894	-
IV. General Reserve		
Opening Balance	3,863,574	3,794,837
Additions during the year	80,595	68,737
	3,944,169	3,863,574
V. Capital Reserve		
Opening Balance	18,656,395	11,100,655
Additions during the year	1,016,558	7,555,740
	19,672,953	18,656,395
VI. Foreign Currency Translation Reserve [Refer Schedule 17 (4.5)]		
Opening Balance	1,563,747	1,716,212
Additions during the year	-	-
Deductions during the year	(43,096)	(152,465)
	1,520,651	1,563,747
VII. Reserve Fund		
Opening Balance	58,816	41,294
Additions during the year	16,158	17,522
	74,974	58,816
VIII. Reserve Fund u/s 45 IC of RBI Act, 1934		
Opening Balance	856,700	526,100
Additions during the year	418,800	330,600
	1,275,500	856,700
IX. Balance in Profit & Loss Account	235,543,472	248,815,549
Total	636,941,012	559,013,433



Schedule 2A - Minority Interest

	As at 31-03-2018	(₹ in Thousands) As at 31-03-2017
I. Minority Interest		
Opening Balance	613,066	390,546
Increase during the year	82,063	222,520
Closing Minority Interest	695,129	613,066

Schedule 3 - Deposits

	As at 31-03-2018	(₹ in Thousands) As at 31-03-2017
A. I. Demand Deposits		
(i) From banks	58,788,628	47,922,195
(ii) From others	896,457,745	817,318,279
II. Savings Bank Deposits	1,482,021,884	1,260,484,706
III. Term Deposits		
(i) From banks	125,623,957	112,242,565
(ii) From others	1,993,685,428	1,911,859,007
Total	4,556,577,642	4,149,826,752
B. I. Deposits of branches in India	4,509,338,193	4,100,577,380
II. Deposits of branches/subsidiaries outside India	47,239,449	49,249,372
Total	4,556,577,642	4,149,826,752

Schedule 4 - Borrowings

	As at 31-03-2018	(₹ in Thousands) As at 31-03-2017
I. Borrowings in India		
(i) Reserve Bank of India	61,000,000	-
(ii) Other banks [#]	25,850,612	39,285,727
(iii) Other institutions & agencies ^{**}	720,233,294	513,644,605
II. Borrowings outside India^{\$}	750,587,018	571,617,283
Total	1,557,670,924	1,124,547,615
Secured borrowings included in I & II above	90,657,346	30,134,771

[#] Borrowings from other banks include Subordinated Debt of ₹35.60 crores (previous year ₹35.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹50.00 crores (previous year Nil) [Also refer Note 18 (2.1.2)]

^{**} Borrowings from other institutions & agencies include Subordinated Debt of ₹21,669.40 crores (previous year ₹16,370.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹6,950.00 crores (previous year ₹3,500.00 crores) [Also refer Note 18 (2.1.2)]

^{\$} Borrowings outside India include Upper Tier II instruments of Nil (previous year ₹389.06 crores) [Also refer Note 18 (2.1.2)]

Schedule 5 - Other Liabilities and Provisions

	As at 31-03-2018	(₹ in Thousands) As at 31-03-2017
	▽	
I. Bills payable	49,175,679	39,525,430
II. Inter-office adjustments (net)	-	-
III. Interest accrued	32,174,199	20,893,390
IV. Proposed dividend (includes tax on dividend) [Refer Schedule 18 (2.1.6)]	-	-
V. Contingent provision against standard assets	22,482,485	23,678,835
VI. Others (including provisions)	176,183,523	191,731,517
Total	280,015,886	275,829,172

Schedule 6 - Cash and Balances with Reserve Bank of India

	As at 31-03-2018	(₹ in Thousands) As at 31-03-2017
	▽	
I. Cash in hand (including foreign currency notes)	52,580,423	63,579,242
II. Balances with Reserve Bank of India:		
(i) in Current Account	208,230,225	183,000,236
(ii) in Other Accounts	94,000,000	62,000,000
Total	354,810,648	308,579,478

Schedule 7 - Balances with Banks and Money at Call and Short Notice

	As at 31-03-2018	(₹ in Thousands) As at 31-03-2017
	▽	
I. In India		
(i) Balance with Banks		
(a) in Current Accounts	1,313,367	2,250,573
(b) in Other Deposit Accounts	33,925,743	21,371,450
(ii) Money at Call and Short Notice		
(a) With banks	-	-
(b) With other institutions	-	143,221,546
Total	35,239,110	166,843,569
II. Outside India		
(i) in Current Accounts	24,898,340	12,531,206
(ii) in Other Deposit Accounts	8,409,416	14,755,151
(iii) Money at Call & Short Notice	15,750,617	6,951,775
Total	49,058,373	34,238,132
Grand Total (I+II)	84,297,483	201,081,701



Schedule 8 - Investments

	As at 31-03-2018	As at 31-03-2017
(₹ in Thousands)		
▽		
I. Investments in India in -		
(i) Government Securities ^{**}	1,013,546,179	905,980,625
(ii) Other approved securities	-	-
(iii) Shares	15,255,309	13,228,030
(iv) Debentures and Bonds	306,537,689	265,277,040
(v) Investment in Joint Ventures	-	-
(vi) Others (Mutual Fund units, CD/CP, PTC etc.)	156,958,643	69,969,442
Total Investments in India	1,492,297,820	1,254,455,137
II. Investments outside India in -		
(i) Government Securities (including local authorities)	29,224,533	26,340,917
(ii) Subsidiaries and/or joint ventures abroad	-	-
(iii) Others (Equity Shares and Bonds)	8,844,767	9,387,442
Total Investments outside India	38,069,300	35,728,359
Grand Total (I+II)	1,530,367,120	1,290,183,496

^{**} Includes securities costing ₹27,588.43 crores (previous year ₹27,179.69 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

Schedule 9 - Advances

	As at 31-03-2018	As at 31-03-2017
(₹ in Thousands)		
▽		
A. (i) Bills purchased and discounted	128,131,247	67,496,591
(ii) Cash credits, overdrafts and loans repayable on demand	1,374,894,067	1,043,804,891
(iii) Term loans [#]	2,995,411,137	2,700,345,191
Total	4,498,436,451	3,811,646,673
B. (i) Secured by tangible assets ^{\$}	3,196,305,855	2,913,893,698
(ii) Covered by Bank/Government Guarantees ^{&&}	40,004,436	66,920,973
(iii) Unsecured	1,262,126,160	830,832,002
Total	4,498,436,451	3,811,646,673
C. I. Advances in India		
(i) Priority Sector	986,081,073	938,737,979
(ii) Public Sector	48,271,057	29,134,862
(iii) Banks	30,575,770	5,612,644
(iv) Others	2,851,146,051	2,317,656,723
Total	3,916,073,951	3,291,142,208
II. Advances Outside India		
(i) Due from banks	78,991,174	26,861,261
(ii) Due from others -		
(a) Bills purchased and discounted	32,721,313	25,448,317
(b) Syndicated loans	89,146,565	103,681,545
(c) Others	381,503,448	364,513,342
Total	582,362,500	520,504,465
Grand Total [CI+CII]	4,498,436,451	3,811,646,673

[#] Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹1,399.00 crores (previous year Nil), includes lending under IBPC ₹1,303.32 crores (previous year Nil)

^{\$} Includes advances against book debts

^{&&} Includes advances against L/Cs issued by banks

Schedule 10 - Fixed Assets

	As at 31-03-2018	(₹ in Thousands) As at 31-03-2017
I. Premises		
Gross Block		
At cost at the beginning of the year	18,331,432	18,289,915
Additions during the year	-	41,517
Deductions during the year	-	-
Total	18,331,432	18,331,432
Depreciation		
As at the beginning of the year	1,165,371	860,688
Charge for the year	304,680	304,683
Deductions during the year	-	-
Depreciation to date	1,470,051	1,165,371
Net Block	16,861,381	17,166,061
II. Other fixed assets (including furniture & fixtures)		
Gross Block		
At cost at the beginning of the year	47,067,750	40,692,916
Additions on acquisition	100,697	-
Additions during the year	7,947,792	6,933,777
Deductions during the year	(1,204,850)	(558,943)
Total	53,911,389	47,067,750
Depreciation		
As at the beginning of the year	29,052,426	24,543,452
Additions on acquisition	54,155	-
Charge for the year	5,601,119	4,962,032
Deductions during the year	(905,216)	(453,058)
Depreciation to date	33,802,484	29,052,426
Net Block	20,108,905	18,015,324
III. Capital Work-in-Progress (including capital advances)	3,517,918	2,920,951
Grand Total (I+II+III)	40,488,204	38,102,336

Schedule 11 - Other Assets

	As at 31-03-2018	(₹ in Thousands) As at 31-03-2017
I. Inter-office adjustments (net)	-	-
II. Interest Accrued	56,936,207	52,743,566
III. Tax paid in advance/tax deducted at source (net of provisions)	18,590,140	5,279,496
IV. Stationery and stamps	3,829	19,790
V. Non banking assets acquired in satisfaction of claims	22,086,151	22,086,151
VI. Others #e\$	431,017,438	384,897,423
Total	528,633,765	465,026,426

Includes deferred tax assets of ₹6,911.32 crores (previous year ₹5,071.86 crores) [Refer Schedule 18 (2.1.11)]

@ Includes Priority Sector Shortfall Deposits of ₹21,479.30 crores (previous year ₹17,107.12 crores)

\$ Includes goodwill on consolidation of ₹293.01 crores (previous year Nil) [Refer Schedule 18 (1) (b)]



Schedule 12 - Contingent Liabilities

	As at 31-03-2018	(₹ in Thousands) As at 31-03-2017
I. Claims against the Group not acknowledged as debts	5,219,729	4,753,308
II. Liability for partly paid investments	216,000	-
III. Liability on account of outstanding forward exchange and derivative contracts :		
a) Forward Contracts	3,148,018,991	2,681,952,184
b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	1,991,159,249	2,031,704,307
c) Foreign Currency Options	593,425,899	493,833,247
Total (a+b+c)	5,732,604,139	5,207,489,738
IV. Guarantees given on behalf of constituents		
In India	762,933,313	763,736,463
Outside India	86,944,398	47,592,829
V. Acceptances, endorsements and other obligations	324,145,235	335,475,904
VI. Other items for which the Group is contingently liable	479,334,859	372,437,450
Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.1.14)]	7,391,397,673	6,731,485,692

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2018

Schedule 13 - Interest Earned

	Year ended 31-03-2018	(₹ in Thousands) Year ended 31-03-2017
I. Interest/discount on advances/bills	349,097,316	336,946,444
II. Income on investments	100,199,824	96,749,715
III. Interest on balances with Reserve Bank of India and other inter-bank funds	3,910,598	5,057,855
IV. Others	12,932,854	12,996,915
Total	466,140,592	451,750,929

Schedule 14 - Other Income

	Year ended 31-03-2018	(₹ in Thousands) Year ended 31-03-2017
I. Commission, exchange and brokerage	87,962,084	78,897,946
II. Profit/(Loss) on sale of investments (net)	13,648,999	32,285,565
III. Profit/(Loss) on sale of fixed assets (net)	(167,089)	(38,846)
IV. Profit on exchange/derivative transactions (net)	14,636,525	10,890,953
V. Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VI. Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years ₹182.92 crores (previous year ₹181.89 crores) and profit on account of portfolio sell downs/securitisation ₹20.50 crores (previous year net profit of ₹3.79 crores)]	2,545,635	2,180,416
Total	118,626,154	124,216,034

Schedule 15 - Interest Expended

	Year ended 31-03-2018	(₹ in Thousands) Year ended 31-03-2017
I. Interest on deposits	191,943,949	196,406,526
II. Interest on Reserve Bank of India/Inter-bank borrowings	18,600,259	18,800,730
III. Others	65,492,719	52,686,218
Total	276,036,927	267,893,474

Schedule 16 - Operating Expenses

	Year ended 31-03-2018	(₹ in Thousands) Year ended 31-03-2017
I. Payments to and provisions for employees	54,144,397	47,420,971
II. Rent, taxes and lighting	10,342,353	9,599,482
III. Printing and stationery	1,694,433	1,895,987
IV. Advertisement and publicity	1,663,688	1,411,326
V. Depreciation on Group's property	5,905,799	5,266,715
VI. Directors' fees, allowance and expenses	35,374	33,774
VII. Auditors' fees and expenses	30,140	27,710
VIII. Law charges	201,921	110,127
IX. Postage, telegrams, telephones etc.	3,286,013	3,197,397
X. Repairs and maintenance	8,780,643	8,805,331
XI. Insurance	5,544,398	5,022,726
XII. Other expenditure	56,254,485	44,464,731
Total	147,883,644	127,256,277



17 SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH, 2018

1 Principles of Consolidation

The consolidated financial statements comprise the financial statements of Axis Bank Limited ('the Bank') and its subsidiaries, which together constitute 'the Group'. The Bank has overseas branches at Singapore, Hong Kong, DIFC - Dubai, Shanghai and Colombo. During the year, the Bank opened an Offshore Banking Unit at International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

The Bank consolidates its subsidiaries in accordance with AS 21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. All significant inter-company accounts and transactions are eliminated on consolidation.

2 Basis of preparation

a) The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India to comply with the statutory requirements prescribed under the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

b) The consolidated financial statements present the accounts of Axis Bank Limited with its following subsidiaries:

Name	Relation	Country of Incorporation	Ownership Interest
Axis Capital Ltd.	Subsidiary	India	100.00%
Axis Private Equity Ltd.	Subsidiary	India	100.00%
Axis Trustee Services Ltd.	Subsidiary	India	100.00%
Axis Mutual Fund Trustee Ltd.	Subsidiary	India	75.00%
Axis Asset Management Company Ltd.	Subsidiary	India	75.00%
Axis Finance Ltd.	Subsidiary	India	100.00%
Axis Securities Ltd.	Subsidiary	India	100.00%
Freecharge Payment Technologies Pvt. Ltd.	Subsidiary	India	100.00%
Accelyst Solutions Pvt. Ltd.	Subsidiary	India	100.00%
A.Treds Ltd.	Subsidiary	India	67.00%
Axis Bank UK Ltd.	Subsidiary	U.K.	100.00%
Axis Capital USA LLC	Step down subsidiary	USA	100.00%

c) The audited financial statements of the above subsidiaries and the unaudited financial statements of the step down subsidiary have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2018.

d) Axis Securities Europe Ltd., a wholly owned subsidiary of the Bank, has been liquidated during the year ended 31 March, 2018.

e) Axis Private Equity Ltd., is in the process of amalgamation with Axis Finance Ltd. and has submitted application for amalgamation before the National Company Law Tribunal on 13 October, 2017.

f) On 27 March, 2018, the Board of Directors of Accelyst Solutions Pvt. Ltd ('ASPL') and Freecharge Payment Technologies Pvt. Ltd. ('FCPTL') approved a scheme for amalgamation of ASPL into and with FCPTL. ASPL and FCPTL have submitted applications for amalgamation before the National Company Law Tribunal. The appointed date for amalgamation is 7 October, 2017 and the effect of merger will be given on this date.

3 Use of estimates

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

4 Significant accounting policies

4.1 Investments

Axis Bank Ltd.

Classification

In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities.

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

Investments made outside India are classified under three categories - Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

Transfer of security between categories

Transfer of security between categories of investments is accounted as per the RBI guidelines.

Acquisition cost

Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

Valuation

Investments classified under the HTM category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments classified under the AFS and HFT categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA')/ Financial Benchmark India Private Limited ('FBIL'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. The depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. The book value of individual securities is not changed consequent to the periodic valuation of investments. Non-performing investments are identified and provision is made thereon as per RBI guidelines. Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

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

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



- the market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is computed as per the Yield-to-Maturity ('YTM') rates published by FIMMDA/ FBIL
- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI/FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA/ FBIL is adopted for this purpose;
- in case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company;
- units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are marked to market based on the Net Asset Value ('NAV') shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF after 23 August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines and
- In case investments in security receipts on or after 1 April, 2017 which are backed by more than 50 percent of the stressed assets sold by the Bank, provision for depreciation in value is made at the higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/Securitisation Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank. All other investments in security receipts are valued as per the NAV obtained from the issuing RC/SCs.

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

Realised gains on investments under the HTM category are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account. Realised gains/losses on investments under the AFS and HFT category are recognised in the Profit and Loss Account.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

Short Sales

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

Subsidiaries

Investments are initially recognised at cost which comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Any reduction in the carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of such investments.

4.2 Advances

Axis Bank Ltd.

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs, provisions in lieu of diminution in the fair value of restructured assets and floating provisions.

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time.

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

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines.

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

The Bank holds provision in accordance with the RBI guidelines, on assets where change in ownership under Strategic Debt Restructuring (SDR) scheme/Outside SDR scheme has been implemented or Scheme for Sustainable Structuring of Stressed Asset (S4A) has been implemented. In respect of borrowers classified as non-cooperative and willful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

For entities with Unhedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI.

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

Axis Finance Ltd.

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made at rates as prescribed by the RBI.

Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Provision on Standard Assets i.e. loans and advances is made at 0.40%.



4.3 Country risk

Axis Bank Ltd.

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

4.4 Securitisation

Axis Bank Ltd.

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate ('PTC') holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

In accordance with RBI guidelines of 7 May, 2012 on 'Guidelines on Securitisation of Standard Assets', gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV as prescribed under RBI guidelines. Loss on securitisation is immediately debited to the Profit and Loss Account.

4.5 Foreign currency transactions

Axis Bank Ltd.

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign branches classified as non-integral foreign operations as per the RBI guidelines are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.
- Income and expenses are translated at the rates prevailing on the date of the transactions.
- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on PV basis by discounting the forward value till spot date and converting the FCY amount using the respective spot rates as notified by FEDAI. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

Subsidiaries

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing rate on that date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined. The exchange differences, if any, either on settlement or translation are recognised in Profit and Loss Account.

4.6 Derivative transactions

Axis Bank Ltd.

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

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

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

4.7 Revenue recognition

Axis Bank Ltd.

Interest income is recognised on an accrual basis in accordance with AS-9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines except in the case of interest income on non-performing assets and loans under Strategic Debt Restructuring (SDR) scheme and Scheme for Sustainable Structuring of Stressed Asset (S4A) of RBI, where it is recognised on receipt basis if overdue for more than 90 days. Income on non-coupon bearing or low-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant yield basis.

Guarantee commission is recognised on a pro-rata basis over the period of the guarantee. Locker rent and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Arrangements/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due.

Interest income on investments in PTCs is recognized on a constant yield basis.

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

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

Fees paid/received for Priority Sector Lending Certificates ('PSLC') is amortised on straight-line basis over the tenor of the certificate.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

Subsidiaries

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Fee income is recognised on the basis of accrual when all the services are performed.

Interest income is recognised on an accrual basis.



Dividend income is recognised when the right to receive payment is established by the Balance Sheet date.

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

Axis Capital Limited

Brokerage income in relation to stock broking activity is recognised as per contracted rates at the execution of transactions on behalf of the customers on a trade date basis. Gains/losses on dealing in securities are recognised on a trade date basis.

Revenue from issue management, loan syndication, financial advisory services is recognised based on the stage of completion of assignments and terms of agreement with the client.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds, etc. are recorded on determination of the amount due to the Company, once the allotment of securities are completed.

Axis Trustee Services Limited

Annual Fees for trusteeship services and servicing fees are recognised, on a straight line basis, over the period when services are performed. Initial acceptance fee is recognised as and when the 'Offer Letter' for the services to be rendered is accepted by the customer.

Advisory service fees on family office service are recognised as and when the activities defined in the accepted offer letter are completed.

Axis Asset Management Company Limited

Management fees are recognised on accrual basis at specific rates, applied on the average daily net assets of each scheme. The fees charged are in accordance with the terms of scheme information documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

Management fees from Portfolio Management Services, Alternate Investment Fund and Investment advisory fees-offshore are recognized on an accrual basis as per the terms of the contract with the customers.

Axis Mutual Fund Trustee Limited

Trustee fee is recognised on accrual basis, at the specific rates/amount approved by the Board of Directors of the Company, within the limits specified under the Deed of Trust, and is applied on the net assets of each scheme of Axis Mutual Fund.

Axis Finance Limited

Interest and other dues are accounted on accrual basis except in the case of non-performing loans where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

Income on discounted instruments is recognised over the tenure of the instrument on a straight-line method.

Axis Securities Limited

Business sourcing and resource management fee is recognised on accrual basis when all the services are performed.

Income from subscription plan to the extent of account opening fees is recognised upfront and balance is amortised over the validity of plan.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds etc. are recorded on determination of the amount due to the company, once the allotment of securities are completed.

Brokerage income on securities is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date. Gains/losses on dealing in securities are recognised on trade date basis.

Depository fees are recognised on completion of the transaction.

Portfolio management fees are accounted on accrual basis as follows:

In case of fees based on fixed percentage of the corpus/fixed amount, income is accrued at the end of the quarter/month.

In case of fees, based on the returns of the portfolio, income is accounted on each anniversary as per the agreement.

A.Treds Ltd.

Onboarding Fee is one time fee and is recognized at the time of onboarding of Buyer, Seller or financier. Transaction fee is recurring in nature and is recognised on time proportion basis over the period of tenure of transaction.

Freecharge Payment Technologies Private Ltd.

Revenue from commission income

Merchant Discount Rate (MDR) Revenue from wallet transaction is recognised on the basis of successful pay-out of wallet usage to the respective merchants. The transactions are settled on a daily basis with the merchant, net of MDR revenue. The taxes (Service tax / GST) collected on behalf of the government are not economic benefits flowing to the Company, hence, excluded from revenue.

Revenue from payment and storage service

The revenue from payment & storage service is recognised for providing PG aggregation service and as a payments platform for transactions of the merchant executed through payment gateway. The Company collects revenue on the basis of the payment gateway transactions routed through its payment platform on a monthly basis.

Other operating revenue

Revenues from ancillary activities like convenience fee, commission income etc, are recognised upon rendering of services.

Accelyst Solutions Private Ltd.

Revenue from commission income

Revenues from operating an internet portal providing recharge and bill payment services is recognised upon successful recharge / payment confirmation for the transactions executed. The taxes collected by company on behalf of the government are not economic benefits flowing to the Company, hence, excluded from revenue.

Other operating revenue

Revenues from ancillary activities e.g. freefund code generation fees, convenience fee, sale of coupons and vendor's application installation etc. is recognised upon rendering of services. Upon expiry of validity of freefund codes sold by company, income is recognised to the extent of value of such codes.

4.8 Scheme expenses

Axis Asset Management Company Ltd.

Fund Expenses

Expenses of schemes of Axis Mutual Fund in excess of the stipulated limits as per SEBI (Mutual Fund) Regulations, 1996 and expenses incurred directly (inclusive of advertisement/brokerage expenses) on behalf of schemes of Axis Mutual Fund are charged to the Profit and Loss Account.

New fund offer expenses

Expenses relating to new fund offer of Axis Mutual Fund are charged to the Profit and Loss Account in the year in which they are incurred.

Brokerage

Clawbackable brokerages paid by the Company in advance is charged to the statement of Profit and Loss account over the claw-back period/tenure of the respective scheme. The unamortized portion of the clawbackable brokerage is carried forward as prepaid expense.

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

Brokerage paid on certain PMS products are amortised over the exit load period. Unamortised portion of brokerage is carried forward as prepaid expenses.

Brokerage paid on Alternate Investment Fund schemes is amortized over the minimum tenure of the scheme. The unamortized portion of the brokerage is carried forward as prepaid expense.

4.9 Fixed assets and depreciation/impairment

Group

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



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

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets based on historical experience of the Group, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

Asset	Estimated useful life
Owned premises	60 years
Computer hardware including printers	3 years
Application software	5 years
Vehicles	4 years
EPABX, telephone instruments	8 years
CCTV and video conferencing equipment	3 years
Mobile phone	2 years
Locker cabinets/cash safe/strong room door	10 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Assets at staff residence	3 years
All other fixed assets	10 years

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

Profit on sale of premises is appropriated to Capital Reserve account (net of taxes and transfer to statutory reserve) in accordance with RBI instructions.

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

4.10 Non-banking assets

Non-banking assets ('NBAs') acquired in satisfaction of claims are carried at lower of net book value and net realizable value.

4.11 Lease transactions

Group

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

4.12 Retirement and other employee benefits

Provident Fund

Axis Bank Ltd.

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Subsidiaries

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

Gratuity

Axis Bank Ltd.

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Subsidiaries

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using Projected Unit Credit Method made at the end of each financial year. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Compensated Absences

Group

The Group provides for compensated absences based on actuarial valuation conducted by an independent actuary. The actuarial valuation is carried out as per the Projected Unit Credit Method as at 31 March each year. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Superannuation

Axis Bank Ltd.

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

New Pension Scheme ('NPS')

Group

In respect of employees who opt for contribution to the 'NPS', the Group contributes certain percentage of the total basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue.

4.13 Long Term Incentive Plan (LTIP)

Axis Asset Management Company Ltd.

The Company has initiated Axis AMC - Long Term Incentive plan. The points granted to employees as per the guidelines laid down in the plan are encashable after they are held for a specified period as per the terms of the plan. The Company accounts for the liability arising on points granted proportionately over the period from the date of grant till the end of the exercise window. The liability is assessed and provided on the basis of valuation carried out by an independent valuer.

4.14 Reward points

Axis Bank Ltd.

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

4.15 Taxation

Group

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income tax Act, 1961. In case of overseas subsidiary the local tax laws prevailing in that country are followed. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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



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

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

4.16 Share issue expenses

Group

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

4.17 Earnings per share

Group

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

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

4.18 Employee stock option scheme

Axis Bank Ltd.

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have been repealed in the month of October, 2014 and were substituted by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme is in compliance with the said regulations. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidelines. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date, if any, is recognised as a deferred compensation cost and amortised on a straight-line basis over the vesting period of such options.

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

4.19 Provisions, contingent liabilities and contingent assets

Group

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

A disclosure of contingent liability is made when there is:

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

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

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

4.20 Cash and cash equivalents

Group

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

18 NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

- 1 a) During the year, the Bank raised additional equity capital through a preferential allotment of 165,328,892 shares at a price of ₹525.00 per share. As a consequence, the paid-up share capital of the Bank has increased by ₹33.07 crores and the reserves of the Bank have increased by ₹8,620.73 crores after charging of issue related expenses. Further, the Bank also allotted 45,357,385 convertible warrants carrying a right to the convertible warrant holder to apply for, get issued and allotted one (1) equity share of the Bank of face value ₹2 each, for cash, at a price of ₹565.00 per share against which the Bank has received an amount of ₹640.67 crores upfront representing 25% of the warrant price. The convertible warrants are exercisable upto 18 months from the date of allotment. The funds mobilised from the equity raising were utilised for enhancing the capital adequacy ratio and for general corporate purposes.
- b) Pursuant to approval from the Board of Directors of the Bank accorded on 26 July, 2017, the Bank had entered into an agreement with Jasper Infotech Pvt. Ltd. to acquire 100% stake in its subsidiaries viz. Accelyst Solutions Pvt. Ltd. (ASPL) and Freecharge Payment Technologies Pvt. Ltd. (FPTL), which together constitute the digital payments business under the "Freecharge" brand. Post receipt of RBI approval for the arrangement, the Bank acquired 100% stake in ASPL and FPTL on 6 October, 2017, at an aggregate cash consideration of ₹395.46 crores and consequently the said companies have become wholly owned subsidiaries of the Bank.

Upon consolidation of these subsidiaries in the consolidated financial statements, the excess of cost of acquisition of the subsidiaries over the Group's share in the networth of these subsidiaries as on acquisition date has been recorded as goodwill on consolidation, amounting to ₹293.01 crores.

2 Other Disclosures

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

For the year ended	31 March, 2018	31 March, 2017
	▽	
Provision for income tax		(₹ in crores)
- Current tax	1,951.55	5,188.84
- Deferred tax (Refer 2.1.11)	(1,849.69)	(3,202.06)
	101.86	1,986.78
Provision for non-performing assets (including bad debts written off and write backs)	16,630.57	11,157.06
Provision for restructured assets/strategic debt restructuring/ sustainable structuring	(307.16)	290.53
Provision towards standard assets	(124.37)	364.34
Provision for depreciation in value of investments	(207.67)	244.18
Provision for unhedged foreign currency exposure	(9.30)	(13.88)
Provision for country risk	(19.94)	19.94
Provision for other contingencies*	(443.39)	65.74
Total	15,620.60	14,114.69

* includes contingent provision for advances/other exposures, legal cases and other contingencies

2.1.2 During the year ended 31 March, 2018, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	15 June, 2027	120 months	7.66%	₹5,000 crores
Perpetual debt	Additional Tier I	-*	-	8.75%	₹3,500 crores

*Call option on expiry of 60 months from the date of allotment



During the year ended 31 March, 2017, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Perpetual debt	Additional Tier-I	-*	-	8.75%	₹3,500 crores
Subordinated debt	Tier-II	27 May, 2026	120 months	8.50%	₹2,430 crores
Subordinated debt	Tier-II	23 November, 2026	120 months	7.84%	₹1,800 crores

*Call option on expiry of 60 months from the date of allotment

During the year ended 31 March, 2018, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Upper Tier-II	Tier-II	28 June, 2017*	180 months	7.125%	\$60 million

* represents call date

During the year ended 31 March, 2017, the Bank redeemed debt instruments eligible for Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	28 June, 2016	120 months	9.10%	₹104.90 crores
Upper Tier-II	Tier-II	11 August, 2016*	180 months	7.25%	\$150 million
Perpetual debt	Tier-I	30 September, 2016*	-	10.05%	₹214.00 crores
Perpetual debt	Tier-I	16 November, 2016*	-	7.17%	\$46 million
Upper Tier-II	Tier-II	24 November, 2016*	180 months	9.35%	₹200.00 crores
Upper Tier-II	Tier-II	6 February, 2017*	180 months	9.50%	₹107.50 crores
Subordinated debt	Tier-II	30 March, 2017	120 months	10.10%	₹250.90 crores

* represents call date

2.1.3 Divergence in Asset Classification and Provisioning for NPAs

- The Bank classifies advances into performing and non-performing advances (NPAs) as per the RBI guidelines. NPAs are identified and provided for based on RBI's Prudential Norms on Income Recognition, Asset Classification and Provisioning.
- Based on application of RBI's prudential norms as stated above, the Bank classified and made the prescribed provisions against the NPAs as at the end of 31 March, 2017.
- As part of its Risk Based Supervision exercise for FY 2016-17, the RBI pointed out certain modifications in the Banks' asset classification and provisioning as detailed in the table below:

Sr. No.	Particulars	(₹ in crores)
1	Gross NPAs as on 31 March, 2017, as reported by the Bank	21,280.48
2	Gross NPAs as on 31 March, 2017, as assessed by RBI	26,913.28
3	Divergence in Gross NPAs (2-1)	5,632.80
4	Net NPAs as on 31 March, 2017, as reported by the Bank	8,626.55
5	Net NPAs as on 31 March, 2017, as assessed by RBI	12,943.65
6	Divergence in Net NPAs (5-4)	4,317.10
7	Provisions for NPAs as on 31 March, 2017, as reported by the Bank	12,205.72
8	Provisions for NPAs as on 31 March, 2017, as assessed by RBI	13,521.42
9	Divergence in provisioning (8-7)	1,315.70
10	Reported Net Profit after Tax (PAT) for the year ended 31 March, 2017	3,679.28
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended 31 March, 2017 after taking into account the divergence in provisioning	2,793.95

- The Bank has duly considered the impact of the above in the Financial Statements for the year ended 31 March, 2018.

2.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March, 2018	31 March, 2017
	▽	
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	455.82	3,953.03
Basic weighted average no. of shares (in crores)	244.51	238.93
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	0.75	0.94
Diluted weighted average no. of shares (in crores)	245.26	239.87
Basic EPS (₹)	1.86	16.54
Diluted EPS (₹)	1.86	16.48
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 7,517,504 (previous year 9,429,479) stock options.

2.1.5 Employee Stock Options Scheme ('the Scheme')

In February 2001, pursuant to the approval of the shareholders at the Extraordinary General Meeting, the Bank approved an Employee Stock Option Scheme. Under the Scheme, the Bank is authorised to issue upto 65,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. Further, over the period June 2004 to July 2013, pursuant to the approval of the shareholders at Annual General Meetings, the Bank approved an ESOP scheme for additional options aggregating 175,087,000. The options vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 240,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is also authorised to issue options to employees and directors of the subsidiary companies.

246,272,950 options have been granted under the Scheme till the previous year ended 31 March, 2017.

On 15 May, 2017, the Bank granted 6,885,700 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/subsidiary companies at a price of ₹503.00 per option.

Stock option activity under the Scheme for the year ended 31 March, 2018 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	29,711,124	217.33 to 535.00	383.16	3.98
Granted during the year	6,885,750	503.00	503.00	-
Forfeited during the year	(810,120)	306.54 to 535.00	470.15	-
Expired during the year	(57,910)	217.33 to 289.51	275.32	-
Exercised during the year	(6,173,935)	217.33 to 535.00	270.47	-
Outstanding at the end of the year	29,554,909	217.33 to 535.00	432.45	4.22
Exercisable at the end of the year	16,062,159	217.33 to 535.00	378.40	2.85

The weighted average share price in respect of options exercised during the year was ₹524.51.



Stock option activity under the Scheme for the year ended 31 March, 2017 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	35,527,310	217.33 to 535.00	327.56	3.33
Granted during the year	7,153,000	469.90	469.90	-
Forfeited during the year	(690,050)	217.33 to 535.00	455.72	-
Expired during the year	(74,853)	217.33 to 289.51	257.56	-
Exercised during the year	(12,204,283)	217.33 to 535.00	268.81	-
Outstanding at the end of the year	29,711,124	217.33 to 535.00	383.16	3.98
Exercisable at the end of the year	15,934,524	217.33 to 535.00	319.45	2.41

The weighted average share price in respect of options exercised during the year was ₹507.67.

Fair Value Methodology

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

	31 March, 2018 ▽	31 March, 2017
Net Profit (as reported) (₹ in crores)	455.82	3,953.03
Add: Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	(102.86)	(101.47)
Net Profit (Proforma) (₹ in crores)	352.96	3,851.56
Earnings per share: Basic (in ₹)		
As reported	1.86	16.54
Proforma	1.44	16.12
Earnings per share: Diluted (in ₹)		
As reported	1.86	16.48
Proforma	1.44	16.06

During the years ended, 31 March, 2018 and 31 March, 2017, no cost has been incurred by the Bank on ESOPs issued to the employees of the Bank and employees of subsidiaries under the intrinsic value method.

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

	31 March, 2018 ▽	31 March, 2017
Dividend yield	1.16%	1.29%
Expected life	2.57-4.57 years	2.57-4.57 years
Risk free interest rate	6.55% to 6.82%	7.15% to 7.39%
Volatility	31.80% to 33.56%	32.92% to 35.75%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March, 2018 is ₹155.53 (previous year ₹153.66).

2.1.6 Proposed Dividend

After making mandatory appropriations to Statutory Reserve, Investment Reserve, Reserve Fund and Capital Reserve, no profits are available for distribution as dividend for the year ended 31 March, 2018. Accordingly, no dividend has been recommended by the Board of Directors for the year ended 31 March, 2018.

Dividend paid during the year, represents dividend (₹5 per equity share) for the year ended 31 March, 2017 paid pursuant to approval of shareholders at Annual General Meeting held on 26 July, 2017.

2.1.7 Segmental Reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified and based on RBI's revised guidelines on Segment Reporting issued on 18 April 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under.

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.
Unallocated assets and liabilities	All items which are reckoned at an enterprise level are classified under this segment such as deferred tax, money received against share warrants, tax paid in advance net of provision etc.

Business segments in respect of operations of the subsidiaries have been identified and reported taking into account the customer profile, the nature of product and services and the organisation structure.

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

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment and fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and internal benchmarks, has been used. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Segmental results are set out below:

	31 March, 2018				(₹ in crores)
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	11,858.83	15,398.90	19,356.33	-	46,614.06
Other income	2,867.70	3,365.49	4,196.21	1,433.22	11,862.62



(₹ in crores)

31 March, 2018



	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Total income as per Profit and Loss Account	14,726.53	18,764.39	23,552.54	1,433.22	58,476.68
Add/(less) inter segment interest income	49,386.08	5,402.38	17,298.22	-	72,086.68
Total segment revenue	64,112.61	24,166.77	40,850.76	1,433.22	130,563.36
Less: Interest expense (external customers)	13,375.62	1,155.22	13,072.85	-	27,603.69
Less: Inter segment interest expense	45,761.40	12,352.62	13,972.08	0.58	72,086.68
Less: Operating expenses	393.83	4,004.78	9,941.65	448.10	14,788.36
Operating profit	4,581.76	6,654.15	3,864.18	984.54	16,084.63
Less: Provision for non-performing assets/ others*	1,763.26	11,894.90	1,860.58	-	15,518.74
Segment result	2,818.50	(5,240.75)	2,003.60	984.54	565.89
Less: Provision for tax					101.86
Net Profit before minority interest and earnings from Associate					464.03
Less: Minority Interest					8.21
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					455.82
Segment assets	227,258.49	236,010.17	230,592.20	813.36	694,674.22
Unallocated assets					9,029.15
Total assets					703,703.37
Segment liabilities	234,071.37	138,435.00	265,852.74	195.25	638,554.36
Unallocated liabilities ⁽¹⁾					941.60
Total liabilities					639,495.96
Net assets	(6,812.88)	97,575.17	(35,260.54)	618.11	64,207.41
Capital Expenditure for the year	16.70	235.20	523.89	18.99	794.78
Depreciation on fixed assets for the year	11.90	173.05	389.98	15.65	590.58

⁽¹⁾ Includes minority interest of ₹69.51 crores

* represents material non-cash items other than depreciation

(₹ in crores)

31 March, 2017

	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	11,684.45	16,364.82	17,125.82	-	45,175.09
Other income	4,467.90	3,421.50	3,239.84	1,292.36	12,421.60
Total income as per Profit and Loss Account	16,152.35	19,786.32	20,365.66	1,292.36	57,596.69
Add/(less) inter segment interest income	48,713.22	5,358.37	18,029.89	-	72,101.48
Total segment revenue	64,865.57	25,144.69	38,395.55	1,292.36	129,698.17
Less: Interest expense (external customers)	12,531.94	949.39	13,308.00	0.01	26,789.34
Less: Inter segment interest expense	47,974.47	11,937.93	12,188.50	0.58	72,101.48
Less: Operating expenses	465.33	3,521.52	8,398.30	340.48	12,725.63
Operating profit	3,893.83	8,735.85	4,500.75	951.29	18,081.72
Less: Provision for non-performing assets/ others*	1,228.96	10,057.64	841.32	-	12,127.92
Segment result	2,664.87	(1,321.79)	3,659.43	951.29	5,953.80
Less: Provision for tax					1,986.77

(₹ in crores)

31 March, 2017

	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Net Profit before minority interest and earnings from Associate					3,967.03
Less: Minority Interest					14.00
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
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

Geographic Segments

(₹ in crores)

Particulars	Domestic		International		Total	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Revenue	55,799.56	54,750.01	2,677.12	2,848.68	58,476.68	57,596.69
Assets	635,920.35	551,877.12	67,783.02	59,584.89	703,703.37	611,462.01
Capital Expenditure for the year	785.35	696.65	9.43	0.88	794.78	697.53
Depreciation on fixed assets for the year	585.77	521.32	4.81	5.35	590.58	526.67

2.1.8 Related party disclosure

The related parties of the Group are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation and four Government-owned general insurance companies - New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

b) Key Management Personnel

- Ms. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. V. Srinivasan (Deputy Managing Director)
- Mr. Rajiv Anand [Executive Director (Retail Banking)]
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)]



c) Relatives of Key Management Personnel

Mr. Sanjaya Sharma, Ms. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Ms. Gayathri Srinivasan, Mr. V. Satish, Ms. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Ms. Mallika Dahiya, Ms. Jal Medha, Ms. Pooja Rathi, Mr. Jai Prakash Dahiya.

The details of transactions of the Bank with its related parties during the year ended 31 March, 2018 are given below:

Items/Related Party	(₹ in crores)			
	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	343.52	1.08	-	344.60
Interest paid	545.58	0.22	0.19	545.99
Interest received	0.02	0.77	-	0.79
Investment in non-equity instrument of related party	393.00	-	-	393.00
Investment of related party in the Bank	1,200.00	33.75	-	1,233.75
Investment of related party in Hybrid capital/Bonds of the Bank	-	-	-	-
Redemption of Hybrid capital/Bonds of the Bank	-	-	-	-
Purchase of investments	188.69	-	-	188.69
Sale of investments	868.73	1.12	-	869.85
Management contracts	-	12.18	-	12.18
Contribution to employee benefit fund	16.16	-	-	16.16
Placement of deposits	0.05	-	-	0.05
Non-funded commitments (issued)	0.20	-	-	0.20
Advance granted (net)	-	7.99	-	7.99
Advance repaid	6.50	0.04	-	6.54
Receiving of services	105.28	-	-	105.28
Rendering of services	17.42	0.05	-	17.47
Sale of foreign exchange currency to related party	-	1.29	-	1.29
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.75	-	-	0.75

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2018 are given below:

Items/Related Party	(₹ in crores)			
	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	6,213.80	4.33	3.46	6,221.59
Placement of deposits	0.43	-	-	0.43
Advances	7.07	18.31	0.04	25.42
Investment in non-equity instruments of related party	205.70	-	-	205.70
Investment of related party in the Bank	135.29	0.50	-	135.79
Non-funded commitments	3.35	-	-	3.35
Investment of related party in Hybrid capital/ Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	3.70	-	3.70
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2018 are given below:

Items/Related Party	(₹ in crores)			
	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	10,153.25	17.12	5.78	10,176.15
Placement of deposits	0.43	-	-	0.43
Advances	16.76	18.31	0.09	35.16
Investment of related party in the Bank	137.76	0.50	-	138.26
Investment in non-equity instrument of the Bank	393.00	-	-	393.00
Non-funded commitments	3.39	-	-	3.39
Investment of related party in Hybrid Capital/Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	3.70	-	3.70
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The details of transactions of the Bank with its related parties during the year ended 31 March, 2017 are given below:

Items/Related Party	(₹ in crores)			
	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	354.69	0.70	-	355.39
Interest paid	666.31	0.14	0.16	666.61
Interest received	1.61	0.55	-	2.16
Investment in non-equity instrument of related party	110.00	-	-	110.00
Investment of related party in the Bank	-	46.45	-	46.45
Investment of related party in Hybrid capital/Bonds of the Bank	1,050.00	-	-	1,050.00
Redemption of Hybrid capital/Bonds of the Bank	70.00	-	-	70.00
Purchase of investments	-	-	-	-
Sale of investments	758.78	3.52	0.11	762.41
Management contracts	-	11.35	-	11.35
Contribution to employee benefit fund	15.75	-	-	15.75
Purchase of fixed assets	-	-	-	-
Sale of fixed assets	-	-	-	-
Placement of deposits	-	-	-	-
Repayment of deposits	-	-	-	-
Non-funded commitments (issued)	0.05	-	-	0.05
Advance granted (net)	0.67	-	-	0.67
Advance repaid	-	0.20	-	0.20
Receiving of services	100.67	-	-	100.67
Rendering of services	2.43	0.05	-	2.48
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.41	-	-	0.41



The balances payable to/receivable from the related parties of the Bank as on 31 March, 2017 are given below:

Items/Related Party	(₹ in crores)			
	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	7,951.11	1.90	2.99	7,956.00
Placement of deposits	0.38	-	-	0.38
Advances	13.57	10.35	0.02	23.94
Investment in non-equity instruments of related party	56.10	-	-	56.10
Investment of related party in the Bank	137.76	0.41	-	138.17
Non-funded commitments	3.14	-	-	3.14
Investment of related party in Hybrid capital/ Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	0.81	-	0.81
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2017 are given below:

Items/Related Party	(₹ in crores)			
	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	9,003.33	10.82	3.53	9,017.68
Placement of deposits	0.38	-	-	0.38
Advances	25.70	10.52	0.08	36.30
Investment of related party in the Bank	141.89	0.41	-	142.30
Investment in non-equity instrument of the Bank	110.00	-	-	110.00
Non-funded commitments	3.21	-	-	3.21
Investment of related party in Hybrid Capital/Bonds of the Bank	4,355.00	-	-	4,355.00
Payable under management contracts	-	1.37	-	1.37
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The significant transactions between the Bank and related parties during the year ended 31 March, 2018 and 31 March, 2017 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

Particulars	(₹ in crores)	
	31 March, 2018	31 March, 2017
Dividend paid		
Life Insurance Corporation of India	165.04	174.43
Administrator of the Specified Undertaking of the Unit Trust of India	137.42	137.42
Interest paid		
Life Insurance Corporation of India	502.36	543.21
Administrator of the Specified Undertaking of the Unit Trust of India	10.16	73.12

Particulars	(₹ in crores)	
	31 March, 2018	31 March, 2017
	▽	
Interest received		
Mr. Rajiv Anand	0.73	0.54
New India Assurance Co. Limited	0.02	0.13
Life Insurance Corporation of India	-	1.48
Investment in non-equity instruments of related party		
United India Insurance Co. Limited	393.00	-
National Insurance Co. Limited	-	110.00
Investment of related party in the Bank		
Life Insurance Corporation of India	1,200.00	-
Ms. Shikha Sharma	17.36	29.66
Mr. V. Srinivasan	8.03	12.03
Investment of related party in Hybrid capital/Bonds of the Bank		
Life Insurance Corporation of India	-	1,000.00
Redemption of Hybrid capital/Bonds of the Bank		
General Insurance Corporation Co. Limited	-	50.00
United India Insurance Co. Limited	-	20.00
Purchase of investments		
United India Insurance Co. Limited	188.69	-
Sale of investments		
New India Assurance Co. Limited	421.03	200.00
General Insurance Corporation Co. Limited	230.00	390.00
United India Insurance Co. Limited	157.44	55.09
National Insurance Co. Limited	35.00	50.00
Management contracts		
Ms. Shikha Sharma	4.84	5.42
Mr. V. Srinivasan	3.12	3.36
Mr. Rajiv Anand	2.44	1.50
Mr. Rajesh Dahiya	1.78	1.08
Contribution to employee benefit fund		
Life Insurance Corporation of India	16.16	15.75
Placement of deposits		
Life Insurance Corporation of India	0.05	-
Advance granted (net)		
Mr. Rajesh Dahiya	7.77	-
Life Insurance Corporation of India	-	0.67
Advance repaid		
Life Insurance Corporation of India	6.50	-
Ms. Shikha Sharma	0.04	0.04
Mr. Rajesh Dahiya	-	0.16
Receiving of services		
The Oriental Insurance Co. Limited	66.42	75.00
New India Assurance Co. Limited	27.22	18.09
Life Insurance Corporation of India	10.94	4.80



Particulars	(₹ in crores)	
	31 March, 2018	31 March, 2017
	▽	
Rendering of services		
Life Insurance Corporation of India	16.39	1.45
The Oriental Insurance Co. Limited	0.70	0.61
New India Assurance Co. Limited	0.33	0.37
Sale of foreign exchange currency to related party		
Ms. Shikha Sharma	1.29	-
Other reimbursements to related party		
Life Insurance Corporation of India	0.75	0.41

2.1.9 Leases

Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, electronic data capturing machines and IT equipment.

Particulars	(₹ in crores)	
	31 March, 2018	31 March, 2017
	▽	
Future lease rentals payable as at the end of the year:		
- Not later than one year	742.66	700.14
- Later than one year and not later than five years	2,303.58	2,175.20
- Later than five years	1,874.37	1,470.68
Total of minimum lease payments recognised in the Profit and Loss Account for the year	823.91	775.41

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

There are generally no undue restrictions or onerous clauses in the agreements

2.1.10 Other Fixed Assets (including furniture & fixtures)

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

Particulars	(₹ in crores)	
	31 March, 2018	31 March, 2017
	▽	
At cost at the beginning of the year	1,100.49	887.14
Additions during the year	247.69	213.39
Deductions during the year	(0.03)	(0.04)
Accumulated depreciation as at 31 March	(892.94)	(719.32)
Closing balance as at 31 March	455.21	381.17
Depreciation charge for the year	173.62	136.56

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

As at	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Deferred tax assets on account of provisions for doubtful debts	6,637.49	4,739.05
Deferred tax assets on account of amortisation of HTM investments	11.28	12.80
Deferred tax assets on account of provision for employee benefits	121.38	98.36
Deferred tax assets on account of other items	280.44	314.77
Deferred tax assets	7,050.59	5,164.98
Deferred tax liability on account of depreciation on fixed assets	103.46	92.01
Deferred tax liabilities on account of other items	35.81	1.11
Deferred tax liabilities	139.27	93.12
Net deferred tax asset	6,911.32	5,071.86

2.1.12 Employee Benefits

Group

Provident Fund

The contribution to the employee's provident fund (including Employee Pension Scheme) of the Group amounted to ₹175.11 crores for the year ended 31 March, 2018 (previous year ₹154.12 crores).

Axis Bank Ltd.

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date for the Bank.

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

Profit and Loss Account

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

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Current Service Cost	88.53	76.80
Interest on Defined Benefit Obligation	127.95	115.68
Expected Return on Plan Assets	(171.00)	(135.93)
Net Actuarial Losses/(Gains) recognised in the year	43.05	20.25
Total included in "Employee Benefit Expense" [Schedule 16(I)]	88.53	76.80
Actual Return on Plan Assets	140.05	136.51



Balance Sheet

Details of provision for provident fund

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Fair Value of Plan Assets	2,004.57	1,687.15
Present Value of Funded Obligations	(2,004.57)	(1,687.15)
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:

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1,687.15	1,437.90
Current Service Cost	88.53	76.80
Interest Cost	127.95	115.68
Actuarial Losses/(Gains)	12.10	20.83
Employees Contribution	200.77	181.16
Liability transferred from/to other companies	(14.62)	(22.88)
Benefits Paid	(97.31)	(122.34)
Closing Defined Benefit Obligation	2,004.57	1,687.15

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

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	1,687.15	1,437.90
Expected Return on Plan Assets	171.00	135.93
Actuarial Gains/(Losses)	(30.95)	0.58
Employer contribution during the period	88.53	76.80
Employee contribution during the period	200.77	181.16
Assets transferred from/to other companies	(14.62)	(22.88)
Benefits Paid	(97.31)	(122.34)
Closing Fair Value of Plan Assets	2,004.57	1,687.15

Experience adjustments*

	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	(₹ in crores) 31 March, 2014
	▽				
Defined Benefit Obligations	2,004.57	1,687.15	1,437.90	1,240.83	1,013.25
Plan Assets	2,004.57	1,687.15	1,437.90	1,240.83	1,013.25
Surplus/(Deficit)	-	-	-	-	-
Experience Adjustments on Plan Liabilities	12.10	20.83	12.08	(1.78)	53.03
Experience Adjustments on Plan Assets	(30.95)	0.58	(6.16)	(3.99)	41.42

* information provided to the extent available with the Bank

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

	31 March, 2018	31 March, 2017
	▽	
	%	%
Government securities	53.75	53.74
Bonds, debentures and other fixed income instruments	42.16	43.47
Equity shares	3.79	1.66
Others	0.30	1.13

Principal actuarial assumptions at the balance sheet date:

	31 March, 2018	31 March, 2017
	▽	
Discount rate for the term of the obligation	7.95%	7.40%
Average historic yield on the investment portfolio	8.90%	9.11%
Discount rate for the remaining term to maturity of the investment portfolio	7.68%	6.93%
Expected investment return	9.17%	9.58%
Guaranteed rate of return	8.55%	8.65%

Superannuation

The Bank contributed ₹16.12 crores to the employee's superannuation plan for the year ended 31 March, 2018 (previous year ₹15.69 crores).

National Pension Scheme (NPS)

During the year, the Bank has contributed ₹3.82 crores (previous year ₹2.45 crores) to the NPS for employees who had opted for the scheme.

Group
Leave Encashment

The actuarial liability of compensated absences of accumulated privileged leave of the employees of the Group is given below.

	31 March, 2018			
	▽			
	Actuarial liability - Privilege Leave	Total Expenses included under Schedule 16(I)	Assumptions Discount Rate	Salary escalation rate
Axis Bank Ltd.	243.82	47.33	7.95% p.a.	7.00% p.a.
Axis Capital Ltd.	0.10	Nil	7.68% p.a.	7.00% p.a.
Axis Securities Ltd.	0.66	0.66	6.60% p.a.	7.00% p.a.
Axis Asset Management Co. Ltd.	1.17	0.64	7.50% p.a.	12.00% p.a.
Axis Finance Ltd.	0.41	0.05	7.73% p.a.	7.00% p.a.
A.Treds Ltd.	0.05	0.05	7.80% p.a.	7.00% p.a.
FreeCharge Payment Technologies Pvt. Ltd.	2.68	0.81	7.10% p.a.	10.50% p.a.
Accelyst Solutions Pvt. Ltd.	0.25	0.19	7.10% p.a.	10.50% p.a.

(₹ in crores)



(₹ in crores)

	31 March, 2017			
	Actuarial liability - Privilege Leave	Total Expenses included under Schedule 16(I)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Bank Ltd.	247.46	79.87	7.40% p.a.	7.00% p.a.
Axis Capital Ltd.	0.11	0.12	6.82% p.a.	7.00% p.a.
Axis Securities Ltd.	0.27	0.36	6.15% p.a.	7.00% p.a.
Axis Asset Management Company Ltd.	0.62	0.28	6.82% p.a.	9.00% p.a.
Axis Finance Ltd.	0.15	0.07	7.39% p.a.	7.00% p.a.

Group

Gratuity

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

Profit and Loss Account

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

	31 March, 2018	
	31 March, 2018	31 March, 2017
	▽	
Current Service Cost	41.98	34.52
Interest on Defined Benefit Obligation	23.92	21.19
Expected Return on Plan Assets	(22.35)	(18.84)
Net Actuarial Losses/(Gains) recognised in the year	(15.41)	26.79
Past Service Cost	31.37	0.36
Total included in "Employee Benefit Expense" [Schedule 16(I)]	59.51	64.02
Actual Return on Plan Assets	27.19	17.17

Balance Sheet

Details of provision for gratuity

	31 March, 2018	
	31 March, 2018	31 March, 2017
	▽	
Present Value of Funded Obligations	(361.43)	(298.44)
Present Value of un-funded Obligations	(5.56)	(3.01)
Fair Value of Plan Assets	336.33	290.10
Unvested Past Service Cost	0.03	-
Net (Liability)/Asset	(30.63)	(11.35)
Amounts in Balance Sheet		
Liabilities (included under Schedule 5 - Other Liabilities)	30.63	11.35
Assets (included under Schedule 11 - Other Assets)	-	-
Net (Liability)/Asset	(30.63)	(11.35)

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

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	301.45	246.84
Current Service Cost	41.98	34.52
Interest Cost	23.92	21.19
Actuarial Losses/(Gains)	(10.56)	25.11
Past Service Cost	31.40	0.19
Liabilities Assumed on Acquisition	1.21	-
Liabilities transferred in	0.57	0.17
Benefits Paid	(22.98)	(26.57)
Closing Defined Benefit Obligation	366.99	301.45

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

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Opening Fair Value of Plan Assets	290.11	243.00
Expected Return on Plan Assets	22.35	18.84
Actuarial Gains/(Losses)	4.85	(1.68)
Contributions by Employer	41.33	56.52
Assets transferred in	0.57	-
Benefits Paid	(22.88)	(26.57)
Closing Fair Value of Plan Assets	336.33	290.11

Experience adjustments:

	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	(₹ in crores) 31 March, 2014
	▽				
Defined Benefit Obligations	366.99	301.45	246.84	219.95	168.99
Plan Assets	336.33	290.11	243.00	219.26	171.76
Surplus/(Deficit)	(30.66)	(11.34)	(3.84)	(0.69)	2.77
Experience Adjustments on Plan Liabilities	2.90	7.09	2.98	0.76	7.45
Experience Adjustments on Plan Assets	(4.91)	(1.68)	(5.28)	1.39	2.30

Axis Bank Ltd.

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

	31 March, 2018	31 March, 2017
	%	%
	▽	
Government securities	49.04	37.30
Bonds, debentures and other fixed income instruments	28.81	47.98
Money market instruments	19.71	8.66
Equity shares	2.22	3.52
Others	0.22	2.54



Principal actuarial assumptions at the balance sheet date:

	31 March, 2018	31 March, 2017
	▽	
Discount Rate	7.95% p.a.	7.40% p.a.
Expected rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- 18 to 30 (age in years)	20.00%	20.00%
- 31 to 44 (age in years)	10.00%	10.00%
- 45 to 59 (age in years)	5.00%	5.00%

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

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

Axis Capital Ltd.

	31 March, 2018	31 March, 2017
	▽	
The major categories of plan assets* as a percentage of fair value of total plan assets - Insurer Managed Funds	100.00	100.00

*composition of plan assets is not available

	31 March, 2018	31 March, 2017
	▽	
<u>Principal actuarial assumptions at the balance sheet date:</u>		
Discount Rate	7.68% p.a.	6.82% p.a.
Expected rate of Return on Plan Assets	7.68% p.a.	6.82% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	10.00%	7.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The Company expects to contribute ₹2.36 crores as gratuity in the year 2017-18 (previous year ₹1.36 crores).

Axis Asset Management Company Ltd.

	31 March, 2018	31 March, 2017
	▽	
<u>Principal actuarial assumptions at the balance sheet date:</u>		
Discount Rate	7.50% p.a.	6.82% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	12.00% p.a.	9.00% p.a.
Employee Turnover	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Axis Securities Ltd.

	31 March, 2018	31 March, 2017
	▽	
The major categories of plan assets* as a percentage of fair value of total plan assets - Insurer Managed Funds	100.00	100.00

*composition of plan assets is not available

	31 March, 2018	31 March, 2017
	▽	
<u>Principal actuarial assumptions at the balance sheet date:</u>		
Discount Rate	6.60% p.a.	6.15% p.a.
Expected rate of Return on Plan Assets	7.00% p.a.	7.00% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	7.00%	7.00%

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

The Company expects to contribute ₹1.50 crore as gratuity in the year 2017-18 (previous year ₹1.50 crores)

Axis Finance Ltd.

	31 March, 2018	31 March, 2017
	▽	
The major categories of plan assets* as a percentage of fair value of total plan assets - Insurer Managed Funds	100.00	100.00

*composition of plan assets is not available

	31 March, 2018	31 March, 2017
	▽	
<u>Principal actuarial assumptions at the balance sheet date:</u>		
Discount Rate	7.73% p.a.	7.39% p.a.
Expected rate of Return on Plan Assets	7.73% p.a.	7.39% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



Axis Trustee Services Ltd.

31 March, 2018

31 March, 2017



<u>Principal actuarial assumptions at the balance sheet date:</u>		
Discount Rate	7.35% p.a.	6.85% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	10.00% p.a.	10.00% p.a.
Employee Turnover	20.00%	20.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

A.Treds Ltd.

31 March, 2018

31 March, 2017



<u>Principal actuarial assumptions at the balance sheet date:</u>		
Discount Rate	7.80% p.a.	N.A.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	7.00% p.a.	N.A.
Employee Turnover		
- 21 to 30 (age in years)	20.00%	N.A.
- 31 to 44 (age in years)	10.00%	N.A.
- 45 to 59 (age in years)	5.00%	N.A.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Accelyst Solutions Pvt. Ltd.

31 March, 2018

31 March, 2017



<u>Principal actuarial assumptions at the balance sheet date:</u>		
Discount Rate	7.10% p.a.	N.A.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	10.50% p.a.	N.A.
Employee Turnover	25.70%	N.A.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company expects to contribute ₹0.40 crore as gratuity in the year 2017-18.

FreeCharge Payment Technologies Pvt. Ltd.

31 March, 2018

31 March, 2017



<u>Principal actuarial assumptions at the balance sheet date:</u>		
Discount Rate	7.10% p.a.	N.A.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	10.50% p.a.	N.A.
Employee Turnover	25.70%	N.A.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

2.1.13 Provisions and contingencies

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

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Opening balance at the beginning of the year	59.40	39.82
Additions during the year	2.00	23.47
Reductions on account of payments during the year	(0.15)	-
Reductions on account of reversals during the year	(0.27)	(3.89)
Closing balance at the end of the year	60.98	59.40

- b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Opening provision at the beginning of the year	110.45	127.38
Provision made during the year	89.05	32.17
Reductions during the year	(55.56)	(49.10)
Closing provision at the end of the year	143.94	110.45

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

	31 March, 2018	(₹ in crores) 31 March, 2017
	▽	
Opening provision at the beginning of the year	595.62	539.09
Provision made during the year	342.25	1,036.59
Reductions during the year	(787.21)	(980.06)
Closing provision at the end of the year	150.66	595.62

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

2.1.14 Description of contingent liabilities

- a) Claims against the Group not acknowledged as debts

These represent claims filed against the Group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Group. Apart from claims assessed as possible, the Group holds provision of ₹43.28 crores as on 31 March, 2018 (previous year ₹26.61 crores) towards claims assessed as probable.

- b) Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments.

- c) Liability on account of forward exchange and derivative contracts

The Group enters into foreign exchange contracts, currency options/swaps, interest rate/currency futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future



time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

d) Guarantees given on behalf of constituents

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

e) Acceptances, endorsements and other obligations

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

f) Other items for which the Group is contingently liable

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Group and the amount transferred to Depositor Education and Awareness Fund (DEAF).

The Bank, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB), which were subsequently alleged as fraudulent by PNB. Prior to this declaration by PNB, such buyer's credit loans were sold down in the secondary market by the overseas branch to various participating banks under Risk Participation Agreements. As on 31 March, 2018, there is no funded exposure outstanding in the overseas branch pursuant to such sell down. PNB has repaid the aggregate amount of all LOUs due upto 31 March, 2018, pursuant to an undertaking issued to PNB, and made remittance to the overseas branch which has been passed on for onward payment to the participating banks. Based on the facts and circumstances of the case, internal findings and legal opinion, the Bank does not expect PNB has any valid right at this point in time, for refund by the Bank of the aggregate amount paid by PNB towards LOUs due upto 31 March, 2018. However, as a matter of prudence, the aggregate amount of LOUs issued by PNB to the overseas branch against which buyer's credit was extended, aggregating to ₹3,847.26 crores has been disclosed as part of Contingent Liabilities in the Balance Sheet.

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

2.1.15 Comparative Figures

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

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Date : 16 May, 2018
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director

B. Baburao
Director