

Progress on...



ANNUAL REPORT 2011-12



Bank of the Year - India

The Banker Awards 2011

Best Bank - Private Sector

NDTV Profit Business Leadership Awards

Best Bank - 2011

Outlook Money

Brand Excellence Award 2011(BFSI)

Star News

The Most Consistent Large Bank

Best Banks - 2011 survey by Business Today and KPMG

Most Preferred Bank Amongst Retail Consumers

CLSA survey on personal banking trends

Most Productive Private Sector Bank

FIBAC 2011 Banking Awards

3rd Strongest Bank in Asia-Pacific Region

Asian Banker

The Best Domestic Bank - India

The Asset Triple A Country Awards 2011

The Best Domestic Bond House - India

The Asset Triple A Country Awards 2011

Best Risk Master (Private Sector category)

FIBAC 2011 Banking Awards

Best Bond House India - 2011

Finance Asia

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

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



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MANAGING DIRECTOR & CEO'S LETTER TO THE SHAREHOLDERS

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

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

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

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

Shikha Sharma

27th April, 2012

BOARD OF DIRECTORS*

Adarsh Kishore	Chairman
Shikha Sharma	Managing Director and CEO
Rama Bijapurkar	Director
K. N. Prithviraj	Director
V. R. Kaundinya	Director
S. B. Mathur	Director
Prasad R. Menon	Director
R. N. Bhattacharyya	Director
Samir K. Barua	Director
A. K. Dasgupta	Director
Som Mittal	Director
P. J. Oza	Company Secretary

THE CORE MANAGEMENT TEAM*

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

*as on 27 April 2012

M/s Deloitte Haskins & Sells

Auditors

Chartered Accountants

M/s Karvy Computershare Private Limited

Registrar and Share Transfer Agent

UNIT : AXIS BANK LIMITED

Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081

Tel. No. : 040-23420815 to 23420824 Fax No. : 040-23420814

Email: einward.ris@karvy.com

Registered Office :

'Trishul', 3rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006.

Tel. No. : 079-2640 9322 Fax No : 079-2640 9321 Email : p.oza@axisbank.com, rajendra.swaminarayan@axisbank.com

Web site : www.axisbank.com

Corporate Office :

Axis House, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025

Tel. No. : 022-24252525/43252525 and Fax No. : 022-43251800

SNAP SHOT OF KEY FINANCIAL INDICATORS : 2008 - 2012

(₹ in crores)

FINANCIAL HIGHLIGHTS	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	CAGR (5 Years)
Total Deposits	87,626.22	117,374.11	141,300.22	189,237.80	220,104.30	30.22%
- Saving Bank Deposits	19,982.41	25,822.12	33,861.80	40,850.31	51,667.96	33.63%
- Current Account Deposits	20,044.58	24,821.61	32,167.74	36,917.09	39,754.07	28.60%
Total Advances	59,661.14	81,556.77	104,340.95	142,407.83	169,759.54	35.71%
- Retail Advances	13,591.68	16,051.78	20,820.73	27,759.23	37,570.33	33.30%
Total Investments	33,705.10	46,330.35	55,974.82	71,991.62	93,192.09	28.21%
Shareholders' Funds	8,768.50	10,213.59	16,044.45	18,998.83	22,808.54	46.39%
Total Assets/Liabilities	109,577.85	147,722.05	180,647.85	242,713.37	285,627.79	31.28%
Net Interest Income	2,585.35	3,686.21	5,004.49	6,562.99	8,017.75	40.43%
Other Income	1,795.49	2,896.88	3,945.78	4,632.13	5,420.22	39.94%
Operating Revenue	4,380.84	6,583.09	8,950.27	11,195.12	13,437.97	40.23%
Operating Expenses	2,154.92	2,858.21	3,709.72	4,779.43	6,007.10	37.67%
Operating Profit	2,225.92	3,724.88	5,240.55	6,415.69	7,430.87	42.52%
Provisions and Contingencies	1,154.89	1,909.52	2,726.02	3,027.20	3,188.66	39.44%
Net Profit	1,071.03	1,815.36	2,514.53	3,388.49	4,242.21	45.12%
FINANCIAL RATIOS	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	
Earnings Per Share (Basic) (in ₹)	32.15	50.61	65.78	82.95	102.94	
Book Value (in ₹)	245.14	284.50	395.99	462.77	551.99	
Return on Equity	16.09%	19.93%	19.89%	20.13%	21.22%	
Return on Assets	1.24%	1.44%	1.67%	1.68%	1.68%	
Capital Adequacy Ratio (CAR)	13.73%	13.69%	15.80%	12.65%	13.66%	
Tier I Capital (CAR)	10.17%	9.26%	11.18%	9.41%	9.45%	
Dividend Per Share (in ₹)	6.00	10.00	12.00	14.00	16.00	
Dividend Payout Ratio	23.49%	23.16%	22.57%	19.78%	18.15%	

HIGHLIGHTS

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

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

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

Deposits up 16.31% to ₹**220,104.30** crores

Demand Deposits up 17.56% to ₹**91,422.03** crores

Advances up 19.21% to ₹**169,759.54** crores

Retail Assets up 35.34% to ₹**37,570.33** crores

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

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

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

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

Proposed Dividend up from 140% to **160%**

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

DIRECTORS' REPORT: 2011-12

The Board of Directors is pleased to present the Eighteenth Annual Report of the Bank together with the Audited Statement of Accounts, Auditors' Report and the report on business and operations of the Bank for the financial year ended 31st March 2012.

FINANCIAL PERFORMANCE

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

(₹ in crores)

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

⁽¹⁾ Excluding Merchant Exchange Profit

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

* Working funds represent average total assets.

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

*** Customer assets include advances and credit substitutes.

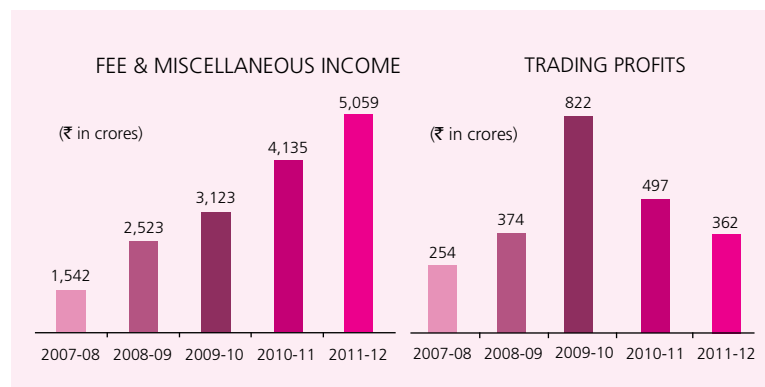
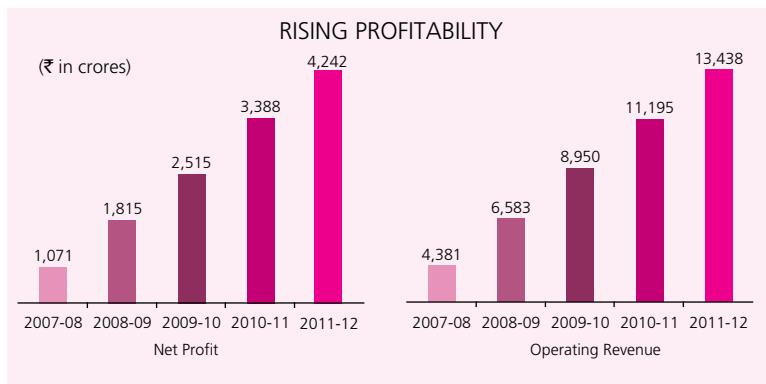
Previous year figures have been regrouped wherever necessary.

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

During the year, the total income of the Bank increased by 38.55% to reach ₹27,414.87 crores

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

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



Other income comprising fees, trading profit and miscellaneous income increased by 17.01% to ₹5,420.22 crores in 2011-12 from ₹4,632.13 crores last year and constituted 40.34% of operating revenue of the Bank. Fee income is a significant part of the earnings and is generated from a diverse set of businesses in the Bank. The main sources of fee income are client-based merchant foreign exchange trade, service charges from account maintenance, transaction banking (including cash management services), syndication and placement fees, processing fees from loans and commission on non-

funded products (such as letters of credit and bank guarantees), inter-change fees on ATM-sharing arrangements and fee income from the distribution of third-party personal investment products. During the year, proprietary trading profits fell by 27.25% to ₹361.56 crores from ₹496.97 crores last year, owing to adverse market conditions in the debt and equity markets. Miscellaneous income dropped by 3.79%, mainly due to lower recoveries of loans written-off in earlier years. During the year, such recoveries accounted to ₹291.84 crores.

During the year, the operating revenue of the Bank increased by 20.03% to ₹13,437.97 crores, as compared to ₹11,195.12 crores last year. The core income streams (NII, fee and miscellaneous income) constituted 97.31% of the operating revenue, reflecting the stability and sustainability of the Bank's earnings. Operating expenses increased by 25.69% to ₹6,007.10 crores from ₹4,779.43 crores last year, as a result of the growth of the Bank's network and other infrastructure required for supporting the existing and new businesses. The Cost to Income ratio of the Bank was 44.70% compared to 42.69% last year.