

Progress on...



ANNUAL REPORT 2012-13

The biggest award
we could ever win
is your delight

Best Bank

CNBC-TV18 India's Best Bank and Financial Institution Awards 2012

Consistent Performer

India's Best Banks – 2012 Survey by Business Today & KPMG

Bank of the Year

Money Today FPCIL Awards 2012-13

Best Bank

Runner Up- Outlook Money Awards 2012

Fastest Growing Large Bank- Dun & Bradstreet

Polaris Financial Technology Banking Awards 2012

Fastest Growing Large Bank

Businessworld Best Banks Survey 2012

Best Domestic Bond House

The Asset Triple A Country Awards 2012 - Our Bank has been honored with this award for the third year in a row.

India Bond House of the year

IFR ASIA - Country Awards 2012

Deal Maker of the Year in Rupee Bonds

Businessworld Magna Awards - India's Best Deal Makers 2012

The Best Emerging Bullion Dealing Bank

9th India International Gold Convention-2011-12

Best Acquiring Institution in South Asia

Visa LEADER Award at Visa's 2012 APCEMEA Security Summit, Bali.

Gold Shield for Excellence in Financial Reporting in the Private Banks category

2011-12 - ICAI (Institute of Chartered Accountants of India)



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MANAGING DIRECTOR & CEO'S LETTER TO THE SHAREHOLDERS

It has been a challenging environment but despite the slowing momentum of growth in the economy, your Bank has reported another consistent performance - reflected in a steady growth of our customer base, widening reach through multiple channels, healthy growth of business and revenues and stable asset quality. It is also an affirmation of the Bank's focus on a balanced growth strategy.

The Bank's retail businesses grew steadily during the year and there was credible growth of both retail deposits and loans, supported by an expanding network that is critical to the retail franchise. We added 325 branches and 1,321 ATMs in FY 2012-13. Your Bank continues to balance growth with profitability and generate value for our stakeholders. This is evidenced by the consistently healthy return on assets and return on equity.

We also have a deep and abiding commitment to the environment and the underprivileged. Towards this end, your Bank has adopted the ambitious goal of facilitating the creation of one million sustainable livelihoods by 2017 in partnership with reputed organizations in the field.

During the current financial year, your Bank undertook a successful equity capital raising exercise and global and domestic investors have invested ₹5,537 crores in the Bank. We are grateful to all the investors who have reposed confidence in us.

Looking ahead, we are optimistic about the future and we believe that your Bank is positioned to adapt suitably to challenges and capitalise on emerging opportunities in the economy. I truly appreciate your support and association with the Bank and remain committed to delivering value to all our stakeholders.

Shikha Sharma

24th April, 2013

BOARD OF DIRECTORS*

Sanjiv Misra	Chairman
Shikha Sharma	Managing Director & CEO
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
Ireena Vittal	Director
Rohit Bhagat	Director
Somnath Sengupta	Executive Director & Head (Corporate Centre)
V. Srinivasan	Executive Director & Head (Corporate Banking)
P. J. Oza	Company Secretary

THE CORE MANAGEMENT TEAM

R. K. Bammi	Executive Director (Retail Banking)
P. Mukherjee	President – Large Corporate and International Banking
S. S. Bajaj	President & Chief Audit Executive
Vinod George	President – Wholesale Banking Operations
M. V. Subramanian	President – Rural & Inclusive Banking
S. K. Mitra	President – Distribution
B. Gopalakrishnan	President – Law
Bapi Munshi	President & Chief Risk Officer
C. Babu Joseph	President – Executive Trustee & CEO – Axis Bank Foundation
Sanjeev K. Gupta	President & Chief Financial Officer
V. K. Bajaj	President – Mid Corporates & SME
Sidharth Rath	President – Treasury & Business Banking
A. R. Gokulakrishnan	President – Wholesale Banking Operations (Designate)
Rajendra D. Adsul	President – SME
R. V. S. Sridhar	President – IT & Retail Operations
Lalit Chawla	President – Corporate Credit
Rajesh Kumar Dahiya	President – Human Resources
Sharad Bhatia	President – Stressed Assets
Rajiv Anand	President – Retail Banking
Jairam Sridharan	President – Consumer Lending

*as on 24th April 2013

M/s Deloitte Haskins & Sells

Chartered Accountants

Auditors

M/s Karvy Computershare Private Limited

UNIT: AXIS BANK LIMITED

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

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

Registrar and Share Transfer Agents

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,sanjeev.kapoor@axisbank.com,rajendra.swaminarayan@axisbank.com

Web site : www.axisbank.com

Corporate Office

Axis House, C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025.

Tel. No. : 022-24252525/43252525 and Fax No. : 022-24251800

SNAP SHOT OF KEY FINANCIAL INDICATORS : 2009 - 2013

(₹ in crores)

FINANCIAL HIGHLIGHTS	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	CAGR (5 Years)
Total Deposits	117,374.11	141,300.22	189,237.80	220,104.30	252,613.59	23.58%
- Savings Bank Deposits	25,822.12	33,861.80	40,850.31	51,667.96	63,777.73	26.13%
- Current Account Deposits	24,821.61	32,167.74	36,917.09	39,754.07	48,322.10	19.24%
Total Advances	81,556.77	104,340.95	142,407.83	169,759.54	196,965.96	26.98%
- Retail Advances	16,051.78	20,820.73	27,759.23	37,570.33	53,959.79	31.75%
Total Investments	46,330.35	55,974.82	71,991.62	93,192.09	113,737.54	27.54%
Shareholders' Funds	10,213.59	16,044.45	18,998.83	22,808.54	33,107.86	30.44%
Total Assets/Liabilities	147,722.05	180,647.85	242,713.37	285,627.79	340,560.66	25.46%
Net Interest Income	3,686.21	5,004.49	6,562.99	8,017.75	9,666.26	30.18%
Other Income	2,896.88	3,945.78	4,632.13	5,420.22	6,551.11	29.55%
Operating Revenue	6,583.09	8,950.27	11,195.12	13,437.97	16,217.37	29.92%
Operating Expenses	2,858.21	3,709.72	4,779.43	6,007.10	6,914.24	26.26%
Operating Profit	3,724.88	5,240.55	6,415.69	7,430.87	9,303.13	33.11%
Provisions and Contingencies	1,909.52	2,726.02	3,027.20	3,188.66	4,123.70	28.99%
Net Profit	1,815.36	2,514.53	3,388.49	4,242.21	5,179.43	37.06%
FINANCIAL RATIOS	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	
Earnings Per Share (Basic) (in ₹)	50.61	65.78	82.95	102.94	119.67	
Book Value (in ₹)	284.50	395.99	462.77	551.99	707.50	
Return on Equity	19.93%	19.89%	20.13%	21.22%	20.51%	
Return on Assets	1.44%	1.67%	1.68%	1.68%	1.70%	
Capital Adequacy Ratio (CAR)	13.69%	15.80%	12.65%	13.66%	17.00%	
Tier I Capital (CAR)	9.26%	11.18%	9.41%	9.45%	12.23%	
Dividend Per Share (in ₹)	10.00	12.00	14.00	16.00	18.00	
Dividend Payout Ratio	23.16%	22.57%	19.78%	18.15%	19.06%	

HIGHLIGHTS

Profit after tax up 22.09% to ₹**5,179.43** crores

Net Interest Income up 20.56% to ₹**9,666.26** crores

Fee & Other Income up 14.59% to ₹**5,796.51** crores

Deposits up 14.77% to ₹**252,613.59** crores

Demand Deposits up 22.62% to ₹**112,099.83** crores

Advances up 16.03% to ₹**196,965.96** crores

Retail Assets up 43.62% to ₹**53,959.79** crores

Network of branches and extension counters increased from 1,622 to **1,947**

Total number of ATMs went up from 9,924 to **11,245**

Earnings per share (Basic) increased from ₹102.94 to ₹**119.67**

Proposed Dividend up from 160% to **180%**

Capital Adequacy Ratio stood at **17.00%** as against the minimum regulatory norm of 9%

Tier - I Capital Adequacy Ratio up from 9.45% to **12.23%**

DIRECTORS' REPORT: 2012-13

The Board of Directors is pleased to present the Nineteenth 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 2013.

FINANCIAL PERFORMANCE

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

(₹ in crores)

PARTICULARS	2012-13	2011-12	GROWTH
Deposits	252,613.59	220,104.30	14.77%
Out of which			
• Savings Bank Deposits	63,777.73	51,667.96	23.44%
• Current Account Deposits	48,322.10	39,754.07	21.55%
Advances	196,965.96	169,759.54	16.03%
Out of which			
• Retail Advances	53,959.79	37,570.33	43.62%
• Non-retail Advances	143,006.17	132,189.21	8.18%
Total Assets/Liabilities	340,560.66	285,627.79	19.23%
Net Interest Income	9,666.26	8,017.75	20.56%
Other Income	6,551.11	5,420.22	20.86%
Out of which			
• Trading Profit ⁽¹⁾	754.60	361.56	108.71%
• Fee and other income	5,796.51	5,058.66	14.59%
Operating Expenses (excluding depreciation)	6,562.51	5,664.86	15.85%
Profit before Depreciation, Provisions and Tax	9,654.86	7,773.11	24.21%
Depreciation	351.73	342.24	2.77%
Provision for Tax	2,373.26	2,045.63	16.02%
Other Provisions and Write offs	1,750.44	1,143.03	53.14%
Net Profit	5,179.43	4,242.21	22.09%
Appropriations:			
Transfer to Statutory Reserve	1,294.86	1,060.55	22.09%
Transfer to Investment Reserve	53.46	-	-
Transfer to Capital Reserve	141.46	51.90	172.56%
Transfer to Reserve Fund	2.61	-	-
Proposed Dividend	987.24	770.08	28.20%
Surplus carried over to Balance Sheet	2,699.80	2,359.68	14.41%

⁽¹⁾ Excluding Merchant Exchange Profit

KEY PERFORMANCE INDICATORS	2012-13	2011-12
Interest Income as a percentage of working funds*	8.90%	8.71%
Non-Interest Income as a percentage of working funds*	2.15%	2.15%
Net Interest Margin	3.53%	3.59%
Return on Average Net Worth	20.51%	21.22%
Operating Profit as a percentage of working funds*	3.05%	2.94%
Return on Average Assets	1.70%	1.68%
Profit per employee**	₹14.58 lacs	₹14.34 lacs
Business (Deposits less inter-bank deposits + Advances) per employee**	₹12.15 crores	₹12.76 crores
Net non-performing assets as a percentage of net customer assets***	0.32%	0.25%

* Working funds represent average total assets.

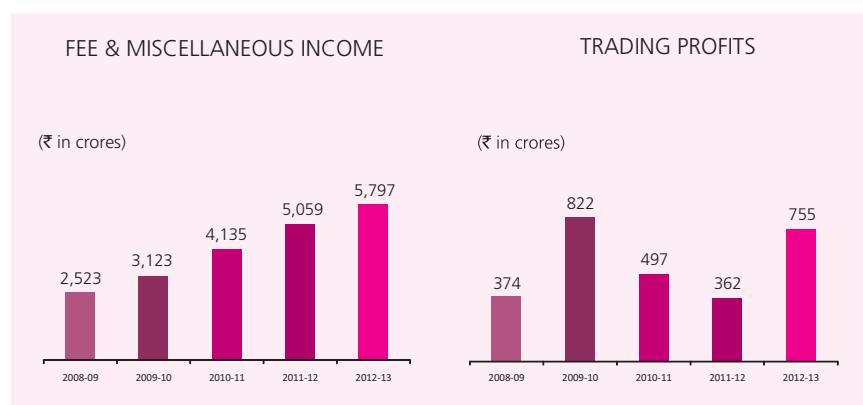
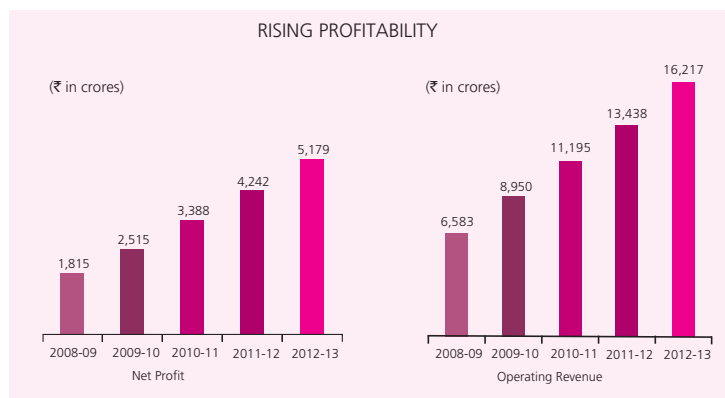
** Productivity ratios are based on average number of employees for the year.

*** Customer assets include advances and credit substitutes.

Previous year figures have been re-grouped wherever necessary.

The Bank continued to grow steadily, both in business and earnings, in an increasingly competitive financial market and reported a net profit of ₹5,179.43 crores for the year ended 31st March 2013, registering a growth of 22.09% over the net profit of ₹4,242.21 crores last year. The strong performance in earnings resulted from the robust growth across all segments. During the year, the Bank's total income increased by 23.05% to reach ₹33,733.68 crores, compared to ₹27,414.86 crores last year. Operating revenue during this period increased by 20.68% to ₹16,217.37 crores while operating profit increased by 25.20% to ₹9,303.13 crores. The growth in earnings may be attributed to the performance of the Bank's core

income streams: net interest income (NII), fee and other income. NII increased by 20.56% to ₹9,666.26 crores from ₹8,017.75 crores last year. Fee, trading and other income increased by 20.86% to ₹6,551.11 crores from ₹5,420.22 crores last year. The increase in earnings was partly offset by an increase in operating expenses by 15.10% to ₹6,914.24 crores.



During the year under review, the growth in NII is attributable to an expansion in the balance sheet size and healthy low-cost Current Account and Savings Bank (CASA) deposits. During the year, the total earning assets on a daily average basis increased by 22.64% to ₹273,738 crores, compared to ₹223,206 crores last year. A steady growth of low-cost CASA deposits, which on a daily average basis increased to ₹80,941 crores from ₹70,845 crores, helped in containing the cost of funds, which had risen over the period due to the hardening of interest

rates on term deposits. Overall, the daily average cost of funds in the year increased to 6.55% from 6.28% last year. During the year, the cost of deposits increased to 6.73% from 6.47% last year primarily due to an increase in cost of term deposits by 18 basis points (from 8.92% to 9.10%). During the same period, the yield on earning assets increased by 9 basis points to 9.75% from 9.66% last year.

Other income comprising fees, trading profit and miscellaneous income increased by 20.86% to ₹6,551.11 crores in 2012-13 from ₹5,420.22 crores last year and constituted 40.40% of the operating revenue of the Bank. Fee income constituted 34.04% of the operating revenue of the Bank and increased by 16.80% to ₹5,520.93 crores from ₹4,726.94 crores last year. The Bank earns fee income from a diverse set of products and businesses such as client-based merchant foreign exchange trade, transaction banking (including cash management services), syndication and placement fees, processing fees from loans and commission on non-funded products (such as letters of credit and bank guarantees), 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 increased by 108.71% to ₹754.60 crores from ₹361.56 crores last year. Miscellaneous income decreased by 16.92% to ₹275.58 crores from ₹331.72 crores last year mainly due to lower recoveries of loans/investments written-off in earlier years. During the year, such recoveries accounted for ₹268.51 crores.

As a result, the operating revenue of the Bank increased by 20.68% to ₹16,217.37 crores from ₹13,437.97 crores last year. The core income streams (NII, fee and miscellaneous income) now constitute 95.35% of the operating revenue, reflecting the sustainability of the Bank's earnings. Operating expenses increased by 15.10% to ₹6,914.24 crores from ₹6,007.10 crores last year, largely 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 42.63% compared to 44.70% last year.