

## Consolidated Financial Statements

# Consolidated Balance Sheet

As at 31 March, 2021

		(₹ in Thousands)	
	Schedule No.	As at 31-03-2021	As at 31-03-2020
<b>Capital and Liabilities</b>			
Capital	1	6,127,497	5,643,356
Reserves & Surplus	2	1,029,809,507	857,760,934
Minority Interest	2A	1,737,471	1,135,557
Deposits	3	7,076,234,214	6,421,572,086
Borrowings	4	1,522,487,176	1,551,801,659
Other Liabilities and Provisions	5	466,857,406	440,804,466
<b>Total</b>		<b>10,103,253,271</b>	<b>9,278,718,058</b>
<b>Assets</b>			
Cash and Balances with Reserve Bank of India	6	518,085,660	849,592,711
Balances with Banks and Money at Call and Short Notice	7	116,157,866	128,405,033
Investments	8	2,253,357,703	1,552,816,344
Advances	9	6,350,706,914	5,829,588,354
Fixed Assets	10	43,296,925	43,943,385
Other Assets	11	821,648,203	874,372,231
<b>Total</b>		<b>10,103,253,271</b>	<b>9,278,718,058</b>
Contingent Liabilities	12	10,536,249,123	9,250,067,577
Bills for Collection		503,752,658	478,427,586
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Consolidated Balance Sheet

In terms of our report attached.

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 103523W/W100048

**Purushottam Nyati**  
Partner  
Membership No.: 118970

**S. Vishvanathan**  
Director

**Girish Paranjpe**  
Director

**For Axis Bank Limited**

**Rakesh Makhija**  
Chairman

**Amitabh Chaudhry**  
Managing Director & CEO

Date : 27 April, 2021  
Place: Mumbai

**Girish V. Koliyote**  
Company Secretary

**Puneet Sharma**  
Chief Financial Officer

# Consolidated Profit & Loss Account

For the year ended 31 March, 2021

(₹ in Thousands)

	Schedule No.	Year ended 31-03-2021	Year ended 31-03-2020
<b>I Income</b>			
Interest earned	13	646,964,187	637,156,804
Other income	14	161,515,224	163,419,937
<b>Total</b>		<b>808,479,411</b>	<b>800,576,741</b>
<b>II Expenditure</b>			
Interest expended	15	349,264,439	379,959,407
Operating expenses	16	191,748,749	180,657,585
Provisions and contingencies	18 (2.1.1)	194,942,347	221,172,201
<b>Total</b>		<b>735,955,535</b>	<b>781,789,193</b>
<b>III Net Profit for the year</b>		<b>72,523,876</b>	<b>18,787,548</b>
Minority interest		(568,914)	(256,409)
<b>IV Consolidated Net Profit attributable to Group</b>		<b>71,954,962</b>	<b>18,531,139</b>
Balance in Profit & Loss Account brought forward from previous year		271,258,184	251,175,230
<b>V Amount available for Appropriation</b>		<b>343,213,146</b>	<b>269,706,369</b>
<b>VI Appropriations:</b>			
Transfer to Statutory Reserve		16,471,251	4,068,038
Transfer to General Reserve		184,925	34,138
Transfer to Capital Reserve		8,482,344	3,405,245
Transfer to Reserve Fund		-	8,502
Transfer to Reserve Fund u/s 45 IC of RBI Act, 1934		422,300	386,500
Transfer to Investment Fluctuation Reserve		3,260,000	3,280,000
Dividend paid (includes tax on dividend)	18 (2.1.6)	-	3,318,569
<b>Balance in Profit &amp; Loss Account carried forward</b>		<b>314,392,326</b>	<b>255,205,377</b>
<b>Total</b>		<b>343,213,146</b>	<b>269,706,369</b>
<b>VII Earnings per Equity Share</b>	18 (2.1.4)		
(Face value ₹2/- per share)			
Basic (in ₹)		24.19	6.83
Diluted (in ₹)		24.13	6.80
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Consolidated Profit and Loss Account

In terms of our report attached.

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 103523W/W100048

**Purushottam Nyati**  
Partner  
Membership No.: 118970

**S. Vishvanathan**  
Director

**Girish Paranjpe**  
Director

**For Axis Bank Limited**

**Rakesh Makhija**  
Chairman

**Amitabh Chaudhry**  
Managing Director & CEO

Date : 27 April, 2021  
Place: Mumbai

**Girish V. Koliyote**  
Company Secretary

**Puneet Sharma**  
Chief Financial Officer

# Consolidated Cash Flow Statement

For the year ended 31 March, 2021

(₹ in Thousands)

	Year ended 31-03-2021	Year ended 31-03-2020
<b>Cash flow from operating activities</b>		
<b>Net profit before taxes</b>	96,931,875	52,544,043
<b>Adjustments for:</b>		
Depreciation on fixed assets	9,793,903	8,060,735
Depreciation on investments	13,290,824	1,359,912
Amortisation of premium on Held to Maturity investments	5,921,192	3,546,142
Provision for Non Performing Assets (including bad debts)	123,585,317	128,352,954
Provision on standard assets	23,907,179	15,341,633
Profit/(loss) on sale of land, buildings and other assets (net)	87,674	50,818
Provision for country risk	(121,721)	121,721
Provision for restructured assets/strategic debt restructuring	(136,760)	(154,980)
Provision on unhedged foreign currency exposure	2,155,800	(106,800)
Provision for other contingencies	7,284,795	42,244,858
	<b>282,700,078</b>	<b>251,361,036</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in investments	(196,439,956)	244,324,699
(Increase)/Decrease in advances	(635,181,245)	(867,031,134)
Increase /(Decrease) in deposits	654,662,128	914,112,735
(Increase)/Decrease in other assets	48,017,058	(265,223,513)
Increase/(Decrease) in other liabilities & provisions	(7,159,309)	56,982,825
Direct taxes paid	(20,269,943)	(30,370,292)
<b>Net cash flow from operating activities</b>	<b>126,328,811</b>	<b>304,156,356</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(9,384,365)	(11,042,694)
(Increase)/Decrease in Held to Maturity investments	(532,699,292)	(85,819,362)
Proceeds from sale of fixed assets	135,445	273,426
<b>Net cash used in investing activities</b>	<b>(541,948,212)</b>	<b>(96,588,630)</b>
<b>Cash flow from financing activities</b>		
Proceeds/(Repayment) from issue of subordinated debt, perpetual debt & upper Tier II instruments (net)	-	(20,000,000)
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments) (net)	(29,314,483)	(40,696,631)
Proceeds from issue of share capital	484,141	500,066
Proceeds from share premium (net of share issue expenses)	101,021,747	151,877,064
Payment of dividend (including dividend distribution tax)	-	(3,318,569)
Increase in minority interest	601,914	289,410
<b>Net cash generated from financing activities</b>	<b>72,793,319</b>	<b>88,651,340</b>

# Consolidated Cash Flow Statement

For the year ended 31 March, 2021

(₹ in Thousands)

	Year ended 31-03-2021	Year ended 31-03-2020
Effect of exchange fluctuation translation reserve	(928,136)	1,735,596
Net increase in cash and cash equivalents	(343,754,218)	297,954,662
Cash and cash equivalents at the beginning of the year	977,997,744	680,043,082
<b>Cash and cash equivalents at the end of the year</b>	<b>634,243,526</b>	<b>977,997,744</b>
<b>Notes to the Cash Flow Statement:</b>		
1. Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	518,085,660	849,592,711
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	116,157,866	128,405,033
<b>Cash and cash equivalents at the end of the year</b>	<b>634,243,526</b>	<b>977,997,744</b>
2. Amount of Corporate Social Responsibility related expenses spent during the year in cash ₹98.08 crores (previous year ₹108.63 crores)		

In terms of our report attached.

**For Axis Bank Limited**

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No.: 103523W/W100048

**Rakesh Makhija**  
Chairman

**Purushottam Nyati**

Partner  
Membership No.: 118970

**S. Vishvanathan**

Director

**Girish Paranjpe**

Director

**Amitabh Chaudhry**

Managing Director & CEO

Date : 27 April, 2021

Place: Mumbai

**Girish V. Koliyote**

Company Secretary

**Puneet Sharma**

Chief Financial Officer

## Consolidated Financial Statements

### SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

As at 31 March, 2021

#### Schedule 1 - Capital

	As at 31-03-2021	As at 31-03-2020
(₹ in Thousands)		
<b>Authorised Capital</b>		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
<b>Issued, Subscribed and Paid-up capital</b>		
3,063,748,652 (Previous year - 2,821,677,934) Equity Shares of ₹2/- each fully paid-up	6,127,497	5,643,356

#### Schedule 2 - Reserves and Surplus

	As at 31-03-2021	As at 31-03-2020
(₹ in Thousands)		
<b>I. Statutory Reserve</b>		
Opening Balance	131,519,285	127,451,247
Additions during the year	16,471,251	4,068,038
	147,990,536	131,519,285
<b>II. Share Premium Account</b>		
Opening Balance	411,698,589	259,821,526
Additions during the year	101,281,656	152,488,174
Less: Share issue expenses	(259,909)	(611,111)
	512,720,336	411,698,589
<b>III. General Reserve</b>		
Opening Balance	4,074,815	4,040,677
Additions during the year	184,925	34,138
	4,259,740	4,074,815
<b>IV. Capital Reserve</b>		
Opening Balance	24,329,521	20,924,276
Additions during the year	8,482,344	3,405,245
	32,811,865	24,329,521
<b>V. Foreign Currency Translation Reserve [Refer Schedule 17 (5.6)]</b>		
Opening Balance	3,427,684	1,692,088
Additions during the year	-	1,735,596
Deductions during the year	(1,115,233)	-
	2,312,451	3,427,684
<b>VI. Reserve Fund</b>		
Opening Balance	89,756	81,254
Additions during the year	-	8,502
Deductions during the year*	(89,756)	-
	-	89,756

(₹ in Thousands)

	As at 31-03-2021	As at 31-03-2020
<b>VII. Reserve Fund u/s 45 IC of RBI Act, 1934</b>		
Opening Balance	2,083,100	1,696,600
Additions during the year	422,300	386,500
	<b>2,505,400</b>	<b>2,083,100</b>
<b>VIII. Investment Fluctuation Reserve</b>		
Opening Balance	9,280,000	6,000,000
Additions during the year	3,260,000	3,280,000
	<b>12,540,000</b>	<b>9,280,000</b>
<b>IX. Balance in Profit &amp; Loss Account brought forward</b>	314,392,326	255,205,377
Adjustments during the year*#	276,853	16,052,807
Balance in Profit & Loss Account	314,669,179	271,258,184
<b>TOTAL</b>	<b>1,029,809,507</b>	<b>857,760,934</b>

\* During the year ended 31 March, 2021, the Bank has transferred ₹8.98 crores from Reserve Fund account to Balance in Profit & Loss Account on closure of Colombo branch operations. Further, during the year ended 31 March, 2021, the Bank has also transferred ₹18.71 crores from Foreign Currency Translation Reserve to Balance in Profit & Loss Account, representing the amount of exchange gain realised on repatriation of accumulated profits of overseas branches that have been closed during the year.

# Represents reversal of provision made through reserves and surplus in earlier year as permitted by RBI, towards Land held as non-banking asset pursuant to recognition of the said provision as part of provisions and contingencies in the profit and loss account during the previous year ended 31 March, 2020.

## Schedule 2A - Minority Interest

(₹ in Thousands)

	As at 31-03-2021	As at 31-03-2020
<b>I. Minority Interest</b>		
Opening Balance	1,135,557	846,147
Increase during the year	601,914	289,410
Closing Minority Interest	<b>1,737,471</b>	<b>1,135,557</b>

## Schedule 3 - Deposits

(₹ in Thousands)

	As at 31-03-2021	As at 31-03-2020
<b>A. I. Demand Deposits</b>		
(i) From banks	51,454,473	38,887,703
(ii) From others	1,076,920,127	858,619,416
<b>II. Savings Bank Deposits</b>	2,044,725,617	1,735,926,032
<b>III. Term Deposits</b>		
(i) From banks	231,595,882	343,218,323
(ii) From others	3,671,538,115	3,444,920,612
<b>Total</b>	<b>7,076,234,214</b>	<b>6,421,572,086</b>
<b>B. I. Deposits of branches in India</b>	7,045,557,815	6,352,037,738
<b>II. Deposits of branches/subsidiaries outside India</b>	30,676,399	69,534,348
<b>Total</b>	<b>7,076,234,214</b>	<b>6,421,572,086</b>

## Consolidated Financial Statements

### Schedule 4 - Borrowings

(₹ in Thousands)		
	As at 31-03-2021	As at 31-03-2020
I. Borrowings in India		
(i) Reserve Bank of India	181,020,000	116,190,000
(ii) Other banks #	32,844,817	23,582,947
(iii) Other institutions & agencies **	905,488,528	845,265,217
II. Borrowings outside India	403,133,831	566,763,495
<b>Total</b>	<b>1,522,487,176</b>	<b>1,551,801,659</b>
Secured borrowings included in I & II above	240,295,903	157,821,977

# Borrowings from other banks include Subordinated Debt of ₹15.60 crores (previous year ₹15.60 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of Nil (previous year Nil) [Also refer Note 18 (2.1.2)]

\*\* Borrowings from other institutions & agencies include Subordinated Debt of ₹18,059.40 crores (previous year ₹17,989.40 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹7,000.00 crores (previous year ₹7,000.00 crores) [Also refer Note 18 (2.1.2)]

### Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)		
	As at 31-03-2021	As at 31-03-2020
I. Bills payable	70,326,546	36,897,894
II. Inter-office adjustments (net)	-	-
III. Interest accrued	38,982,357	34,122,863
IV. Proposed dividend (includes tax on dividend) [Refer Schedule 17 (5.22) & Schedule 18 (2.1.6)]	-	-
V. Contingent provision against standard assets	71,130,436	46,353,188
VI. Others (including provisions)	286,418,067	323,430,521
<b>Total</b>	<b>466,857,406</b>	<b>440,804,466</b>

### Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)		
	As at 31-03-2021	As at 31-03-2020
I. Cash in hand (including foreign currency notes)	126,731,571	79,879,291
II. Balances with Reserve Bank of India:		
(i) in Current Account	234,354,089	209,713,420
(ii) in Other Accounts	157,000,000	560,000,000
<b>Total</b>	<b>518,085,660</b>	<b>849,592,711</b>

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

(₹ in Thousands)		
	As at 31-03-2021	As at 31-03-2020
<b>I. In India</b>		
(i) Balance with Banks		
(a) in Current Accounts	2,868,446	645,598
(b) in Other Deposit Accounts	11,420,806	28,903,094
(ii) Money at Call and Short Notice		
(a) With banks	-	-
(b) With other institutions	-	-
<b>Total</b>	<b>14,289,252</b>	<b>29,548,692</b>

	(₹ in Thousands)	
	As at 31-03-2021	As at 31-03-2020
<b>II. Outside India</b>		
(i) in Current Accounts	34,071,283	45,030,057
(ii) in Other Deposit Accounts	4,520,626	725,119
(iii) Money at Call & Short Notice	63,276,705	53,101,165
<b>Total</b>	<b>101,868,614</b>	<b>98,856,341</b>
<b>Grand Total (I+II)</b>	<b>116,157,866</b>	<b>128,405,033</b>

### Schedule 8 - Investments

	(₹ in Thousands)	
	As at 31-03-2021	As at 31-03-2020
<b>I. Investments in India in -</b>		
(i) Government Securities <sup>##</sup>	1,807,028,378	1,219,180,739
(ii) Other approved securities	-	-
(iii) Shares	13,949,674	11,552,855
(iv) Debentures and Bonds	348,703,899	206,439,143
(v) Investment in Joint Ventures	-	-
(vi) Others (Mutual Fund units, CD/CP, PTC etc.)	43,875,731	64,490,000
<b>Total Investments in India</b>	<b>2,213,557,682</b>	<b>1,501,662,737</b>
<b>II. Investments outside India in -</b>		
(i) Government Securities (including local authorities)	34,872,151	42,819,430
(ii) Subsidiaries and/or joint ventures abroad	-	-
(iii) Others (Equity Shares and Bonds)	4,927,870	8,334,177
<b>Total Investments outside India</b>	<b>39,800,021</b>	<b>51,153,607</b>
<b>Grand Total (I+II)</b>	<b>2,253,357,703</b>	<b>1,552,816,344</b>

<sup>##</sup> Includes securities costing ₹39,279.90 crores (previous year ₹34,501.78 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

### Schedule 9 - Advances

	(₹ in Thousands)	
	As at 31-03-2021	As at 31-03-2020
<b>A. (i) Bills purchased and discounted</b>	<b>224,469,726</b>	<b>145,282,883</b>
(ii) Cash credits, overdrafts and loans repayable on demand	1,629,001,534	1,580,313,876
(iii) Term loans <sup>#</sup>	4,497,235,654	4,103,991,595
<b>Total</b>	<b>6,350,706,914</b>	<b>5,829,588,354</b>
<b>B. (i) Secured by tangible assets <sup>§</sup></b>	<b>4,607,851,679</b>	<b>4,234,489,317</b>
(ii) Covered by Bank/Government Guarantees <sup>§&amp;</sup>	63,371,614	19,316,246
(iii) Unsecured	1,679,483,621	1,575,782,791
<b>Total</b>	<b>6,350,706,914</b>	<b>5,829,588,354</b>
<b>C. I. Advances in India</b>		
(i) Priority Sector	1,841,713,702	1,438,593,307
(ii) Public Sector	326,809,245	134,270,813
(iii) Banks	31,309,969	21,809,078
(iv) Others	3,693,419,409	3,747,137,021
<b>Total</b>	<b>5,893,252,325</b>	<b>5,341,810,219</b>



## Consolidated Financial Statements

	As at 31-03-2021	As at 31-03-2020
II. Advances Outside India		
(i) Due from banks	17,482,878	25,828,342
(ii) Due from others -		
(a) Bills purchased and discounted	99,079,522	28,288,691
(b) Syndicated loans	5,881,307	31,671,905
(c) Others	335,010,882	401,989,197
<b>Total</b>	<b>457,454,589</b>	<b>487,778,135</b>
<b>Grand Total [CI+CII]</b>	<b>6,350,706,914</b>	<b>5,829,588,354</b>

# Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹700.00 crores (previous year ₹1,500.00 crores), includes lending under IBPC ₹3,078.38 crores (previous year ₹2,900.10 crores)

\$ Includes advances against book debts

66 Includes advances against L/Cs issued by other banks

### Schedule 10 - Fixed Assets

	As at 31-03-2021	As at 31-03-2020
(₹ in Thousands)		
<b>I. Premises</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	18,377,468	17,917,464
Additions during the year*	-	460,004
Deductions during the year	-	-
<b>Total</b>	<b>18,377,468</b>	<b>18,377,468</b>
<b>Depreciation</b>		
As at the beginning of the year	1,916,877	1,640,431
Charge for the year	278,296	276,446
Deductions during the year	-	-
<b>Depreciation to date</b>	<b>2,195,173</b>	<b>1,916,877</b>
<b>Net Block</b>	<b>16,182,295</b>	<b>16,460,591</b>
<b>II. Other fixed assets (including furniture &amp; fixtures)</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	69,743,295	62,344,017
Additions on acquisition	-	-
Additions during the year*	13,026,996	8,630,828
Deductions during the year	(847,062)	(1,231,550)
<b>Total</b>	<b>81,923,229</b>	<b>69,743,295</b>
<b>Depreciation</b>		
As at the beginning of the year	47,086,522	40,199,808
Additions on acquisition	-	-
Charge for the year	9,515,659	7,780,867
Deductions during the year	(610,191)	(894,153)
<b>Depreciation to date</b>	<b>55,991,990</b>	<b>47,086,522</b>
<b>Net Block</b>	<b>25,931,239</b>	<b>22,656,773</b>
<b>III. Capital Work-in-Progress (including capital advances)</b>	<b>1,183,391</b>	<b>4,826,021</b>
<b>Grand Total (I+II+III)</b>	<b>43,296,925</b>	<b>43,943,385</b>

\* includes movement on account of exchange rate fluctuation

## Schedule 11 - Other Assets

(₹ in Thousands)

	As at 31-03-2021	As at 31-03-2020
I. Inter-office adjustments (net)	-	-
II. Interest Accrued	81,673,297	72,554,289
III. Tax paid in advance/tax deducted at source (net of provisions)	9,397,971	16,696,759
IV. Stationery and stamps	4,647	1,056
V. Non banking assets acquired in satisfaction of claims <sup>¶</sup>	-	-
VI. Others <sup>#@</sup> \$	730,572,288	785,120,127
<b>Total</b>	<b>821,648,203</b>	<b>874,372,231</b>

<sup>¶</sup> Includes deferred tax assets of ₹7,615.89 crores (previous year ₹7,363.79 crores) [Refer Schedule 18 (2.1.11)]

<sup>@</sup> Includes Priority Sector Shortfall Deposits of ₹46,885.68 crores (previous year ₹46,462.92 crores)

<sup>\$</sup> Includes goodwill on consolidation of ₹289.24 crores (previous year ₹289.24 crores)

<sup>¶</sup> Represents balance net of provision of ₹2,068.24 crores (previous year ₹2,068.24 crores) on Land held as non-banking asset

## Schedule 12 - Contingent Liabilities

(₹ in Thousands)

	As at 31-03-2021	As at 31-03-2020
I. Claims against the Group not acknowledged as debts	21,207,183	19,887,016
II. Liability for partly paid investments	1,647,600	1,387,700
III. Liability on account of outstanding forward exchange and derivative contracts :		
a) Forward Contracts	5,101,178,776	4,559,787,377
b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	3,359,221,272	3,033,699,904
c) Foreign Currency Options	365,043,225	451,140,999
<b>Total (a+b+c)</b>	<b>8,825,443,273</b>	<b>8,044,628,280</b>
IV. Guarantees given on behalf of constituents		
In India	729,652,493	664,796,899
Outside India	78,908,691	74,715,368
V. Acceptances, endorsements and other obligations	378,058,439	251,657,421
VI. Other items for which the Group is contingently liable	501,331,444	192,994,893
<b>Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.1.16)]</b>	<b>10,536,249,123</b>	<b>9,250,067,577</b>

## Consolidated Financial Statements

### SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended 31 March, 2021

#### Schedule 13 - Interest Earned

	(₹ in Thousands)	
	Year ended 31-03-2021	Year ended 31-03-2020
I. Interest/discount on advances/bills	489,032,214	493,233,034
II. Income on investments	125,848,807	112,793,394
III. Interest on balances with Reserve Bank of India and other inter-bank funds	10,397,805	10,987,124
IV. Others	21,685,361	20,143,252
<b>Total</b>	<b>646,964,187</b>	<b>637,156,804</b>

#### Schedule 14 - Other Income

	(₹ in Thousands)	
	Year ended 31-03-2021	Year ended 31-03-2020
I. Commission, exchange and brokerage	108,202,900	107,527,475
II. Profit/(Loss) on sale of investments (net)	23,374,057	21,872,948
III. Profit/(Loss) on sale of land, buildings and other assets (net)*	(87,674)	(50,818)
IV. Profit on exchange/derivative transactions (net)	15,799,564	15,806,073
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 ₹1,245.52 crores (previous year ₹1,553.14 crores) and net loss on account of portfolio sell downs/securitisation ₹89.47 crores (previous year net profit of ₹25.50 crores)]	14,226,377	18,264,259
<b>Total</b>	<b>161,515,224</b>	<b>163,419,937</b>

\*Includes provision for diminution in value of fixed assets

#### Schedule 15 - Interest Expended

	(₹ in Thousands)	
	Year ended 31-03-2021	Year ended 31-03-2020
I. Interest on deposits	268,679,844	294,108,051
II. Interest on Reserve Bank of India/Inter-bank borrowings	14,935,230	20,440,779
III. Others	65,649,365	65,410,577
<b>Total</b>	<b>349,264,439</b>	<b>379,959,407</b>

#### Schedule 16 - Operating Expenses

	(₹ in Thousands)	
	Year ended 31-03-2021	Year ended 31-03-2020
I. Payments to and provisions for employees	67,689,436	58,199,622
II. Rent, taxes and lighting	11,985,668	11,714,178
III. Printing and stationery	1,712,974	1,664,909
IV. Advertisement and publicity	1,245,109	1,347,600
V. Depreciation on Group's property	9,793,903	8,060,735
VI. Directors' fees, allowance and expenses	40,829	34,419
VII. Auditors' fees and expenses	40,532	35,984
VIII. Law charges	1,243,809	1,237,449
IX. Postage, telegrams, telephones etc.	3,169,191	2,887,728
X. Repairs and maintenance	12,456,800	11,860,447
XI. Insurance	10,026,420	7,518,405
XII. Other expenditure	72,344,078	76,096,109
<b>Total</b>	<b>191,748,749</b>	<b>180,657,585</b>

## 17 SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### 1. Principles of consolidation

The consolidated financial statements comprise the financial statements of Axis Bank Limited ('the Bank') and its subsidiaries (together 'the Group'). As on 31 March, 2021, the Bank has overseas branches at Singapore, DIFC - Dubai and an Offshore Banking Unit at the International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

The Bank consolidates its subsidiaries in accordance with Accounting Standard ('AS') 21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read 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 consolidated 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, unless otherwise stated by the Reserve Bank of India ('RBI'), to comply with the statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, the circulars, notifications, guidelines and directives issued by the RBI from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read 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. Accounting policies applied have been consistent with the previous year except otherwise stated.

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

Name	Relation	Country of Incorporation	Ownership Interest
Axis Capital 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%
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 financial statements of certain subsidiaries have been prepared in accordance with notified Indian Accounting Standards ('Ind-AS'). The financial statements of such subsidiaries used for consolidation are special purpose financial statements prepared in accordance with Generally Accepted Accounting Principles in India ('GAAP') specified 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.

d) 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, 2021.

e) The financial statements of the Bank's foreign subsidiary, Axis Bank UK Ltd. ('the Company') are drawn up in accordance with International Financial Reporting Standards ('IFRSs') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC'), as adopted by the European Union.

Following a strategic review of operations, the Board of the Company in its meeting held on 12 November, 2020 approved the decision to pursue the sale of the Company to a third party as opposed to the previous strategy which was to wind down operations. As at 31 March, 2021, the Bank entered into a sale and purchase agreement to divest its entire shareholding to a third party, which intends to continue operating the Company for the foreseeable future. The change in control is subject to regulatory approval by the Prudential Regulation Authority ("PRA"). As a result,

## Consolidated Financial Statements

there remains a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern in the event such approvals are not received or received in a manner that are not implementable. The Directors of the Company are confident that the sale can be completed successfully and therefore the financial statements of the Company for the year ended 31 March, 2021 are prepared on a going concern basis. In the event the change in control process is not successful, the Directors of the Company believe that the Company is well placed to manage its business risks effectively to maintain sufficient liquidity and capital to facilitate an orderly wind down of operations. The aforesaid financial statements have been converted to Indian GAAP for the purpose of consolidation.

- f) Pursuant to receipt of order from the National Company Law Tribunal (NCLT), Axis Private Equity Ltd. a wholly-owned subsidiary of the Bank has been amalgamated with Axis Finance Ltd. another wholly-owned subsidiary of the Bank with the appointed date being 1 April, 2017.
- g) Pursuant to receipt of regulatory approvals, Accelyst Solutions Pvt. Ltd. a wholly-owned subsidiary of the Bank has been amalgamated with Freecharge Payment Technologies Pvt. Ltd. another wholly-owned subsidiary of the Bank with the appointed date being 7 October, 2017.

### 3. Use of estimates

The preparation of the consolidated 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 and assumptions 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. Change in accounting policies

Effective 1 April, 2020, the Bank has carried out the following changes in its accounting policies:

#### 4.1 Recognition of commission on issuance of Letters of Credit (LC) and annual fees on debit cards

The Bank had a practice of recognizing fees on issuance of LCs and annual fees on Debit Cards on an upfront basis. The Bank changed this practice, from upfront recognition to amortization over the service period. As a result, other income for the year ended 31 March, 2021 is lower by ₹184 crores with a consequent reduction to the profit before tax.

#### 4.2 Provision on Red Flagged Accounts (RFA)

The Bank continues to classify exposures as 'Red Flagged Accounts' in accordance with its prevailing internal framework. The Bank has introduced incremental provisioning on such exposures based on a time scale and on occurrence of predefined events. As a result, provisions and contingencies for the year ended 31 March, 2021 are higher by ₹32 crores with a consequent reduction to the profit before tax.

#### 4.3 Recognition of depreciation on investments

The Bank was recognizing net depreciation and ignoring net appreciation within class of investments in the Profit and Loss Account in accordance with the RBI guidelines. The Bank has made two changes to its practice of recognizing depreciation on investments: (i) The Bank has elected to recognize the net depreciation on each class of investments under the residual category of 'Others' (i.e. mutual funds, PTCs, security receipts etc.), without availing the benefit of offset against gain in another class of investment within the 'Others' category. (ii) For standard investments classified as weak based on the Bank's internal framework, the Bank has elected to recognize the net depreciation on such investments without availing the benefit of set-off against appreciation within the same class of investments that is permitted by RBI. As a result, provisions and contingencies for the year ended 31 March, 2021 are higher by ₹13 crores with a consequent reduction to the profit before tax.

### 5. Significant accounting policies

#### 5.1 Investments

##### Axis Bank Ltd.

##### Classification

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

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

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are transferred to 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 and investments under TLTRO guidelines are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

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.

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

#### **Transfer of security between categories**

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

#### **Acquisition cost**

Costs such as brokerage, commission etc. pertaining to investments, incurred 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: Investments 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. Such amortization of premium is adjusted against interest income under the head 'Income from Investments' under Schedule 13 in Profit and Loss Account. As per the 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: Investments under these 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. Net depreciation on each type of investments under the residual category of 'Others' (i.e. mutual funds, PTCs, security receipts etc.) is not offset against gain in another class of investment within the 'Others' category. Further, in case of standard investments classified as weak (including certain unrated investments) as per the Bank's internal framework, the Bank recognizes net depreciation on such investments without availing the benefit of set-off against appreciation within the same class of investments as permitted under the extant RBI circular. 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 the RBI guidelines. Provision on such non-performing investments is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognized in the Profit and Loss Account until received.

Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost which includes discount amortized over the period to maturity.

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

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Market value of investments where current quotations are not available, is determined in accordance with 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 forming part of in the AFS and HFT categories is computed as per the rates published by FIMMDA/ FBIL.
- In case of special bonds issued by the Government of India that do not qualify for SLR, unquoted bonds, debentures, 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 category and credit ratings along with residual maturity issued by FIMMDA/FBIL is adopted for this purpose.
- In case of bonds & debentures 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 the RBI.
- Pass Through Certificates ('PTC') and Priority Sector PTCs are valued as per extant FIMMDA guidelines.
- 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 valued based on the latest audited financial statements 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 may be categorized under HTM category for the initial period of three years and are valued at cost as per the RBI guidelines.
- 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')/Securitization 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 declared by the issuing RC/SCs or estimated recoverable value, based on Bank's internal assessment on case to case basis, whichever is lower.

### Disposal of investments

*Investments classified under the HTM category:* Realised gains 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.

*Investments classified under the AFS and HFT categories:* Realised gains/losses are recognised in the Profit and Loss Account.

### Repurchase and reverse repurchase transactions

Repurchase (repo) 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. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account and the Bank continues to accrue the coupon/discount on the security during the repo period. Further, the Bank continues to value the securities sold under repo as per the investment classification of the security. 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.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Profit and Loss Account.

## 5.2 Advances

### Axis Bank Ltd.

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

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for schematic retail advances, agriculture advances and advances to Commercial Banking segment.

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 commercial banking group advances and agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. NPAs are upgraded to standard as per the extant RBI guidelines. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations. In the case of NPAs referred to the National Company Law Tribunal ('NCLT') under Insolvency and Bankruptcy Code ('IBC') where resolution plan or liquidation order has been approved by NCLT, provision is maintained at higher of the requirement under the RBI guidelines or the likely haircut as per resolution plan or liquidation order.

During the quarter ended 31 March, 2021, the Bank has changed its provisioning norms in respect of loans granted to Commercial Banking Segment (erstwhile SME) to rates which are higher than those prescribed by the RBI and followed hitherto. As a result, provisions and contingencies for the quarter and year ended 31 March, 2021 are higher by ₹803 crores with a consequent reduction to the profit before tax.

Restructured assets are classified and provided for in accordance with the guidelines issued by the RBI from time to time. In respect of advances where resolution plan is under implementation or implemented under the RBI guidelines on "Resolution Framework for COVID-19 related Stress" and "Micro, Small and Medium Enterprises (MSME) Sector – Restructuring of Advances", provisions are maintained as per the internal framework of the Bank at rates which are higher than those specified under the extant RBI circulars.

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 and included under "Other Income".

In case of EMI based standard retail advances, funds received from customers are appropriated in the order of chronology towards, principal, interest, penal interest and charges. In case of other standard advances, funds received from customers are appropriated in the order of chronology as towards charges, penal interest, interest and principal.



## Consolidated Financial Statements

The Bank recognises additional provisions as per RBI's guidelines on 'Prudential Framework on Resolution of Stressed Assets' dated 7 June, 2019 on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timelines.

In respect of borrowers classified as non-cooperative and willful defaulters, the Bank makes accelerated provisions as per the extant RBI guidelines.

Loans reported as fraud are classified as loss assets, and fully provided for immediately without considering the value of security.

The Bank makes incremental provisioning (determined based on a time scale and on occurrence of predefined events) on all outstanding advances and investments relating to borrowers tagged as RFA.

For entities with Unhedged Foreign Currency Exposure ('UFCE'), provision is made in accordance with the guidelines issued by the RBI, which requires ascertaining 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. Further, incremental capital is maintained in respect of such borrower counter parties in the highest risk category, in line with stipulations by the RBI.

The Bank maintains provisions for incremental exposure of the banking system to specified borrowers beyond Normally Permitted Lending Limit ('NPLL') in proportion to Bank's funded exposure to the specified borrowers as per the RBI guidelines. 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 the RBI other than for corporate standard advances internally rated 'BB and Below' or 'Unrated' and all SMA-2 advances as reported to CRILC, where general provision is maintained at rates that are higher than those 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 by the extant RBI guidelines. The Bank also maintains general provision on positive Mark-to-Market (MTM) on derivatives at the rates prescribed by the extant RBI guidelines.

The Bank maintains provision on non-funded outstanding in relation to NPAs, prudentially written off accounts, corporate standard advances internally rated 'BB and Below' or 'Unrated' and all SMA-2 advances as reported to CRILC. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') for a specific period subject to fulfilment of certain set of conditions by the borrower. The Bank makes provision against the probable loss that could be incurred in future on account of these waivers to eligible borrowers 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.

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.

Provisions for standard assets and NPAs are made at rates as prescribed under the RBI guidelines.

### Axis Bank UK Ltd.

In the case of the Bank's UK subsidiary, the impairment loss is measured using the Expected Credit Loss ('ECL') model based on a three-stage approach as follows:

Stage 1 - the recognition of 12 month ECL, that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;

Stage 2 - lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and

Stage 3 - lifetime expected credit losses for financial instruments which are credit impaired.

As a result the amount of the allowance is affected by changes in the expectations of loss driven by changes in associated credit risk. The measurement of ECL is calculated using three main components: (i) probability of default ('PD'), (ii) loss given default ('LGD') and (iii) the exposure at default ('EAD'). The ECL is calculated by multiplying the PD, LGD and the EAD. The PDs represent the probability of default over 12 months or lifetime of the instrument for stage 1 and stage 2/stage3 respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account the mitigating effect of collateral value at the time it is expected to be realised.

Loans held for sale as at the balance sheet date are fair valued based on a discounted cash flow model, where the expected cash flows (net of any impairment losses where applicable) for each exposure under the terms of the contract are discounted back to a present value.

### 5.3 Country risk

#### Axis Bank Ltd.

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). Such provisions are held only in respect of those countries where the net funded exposure of the Bank exceeds 1% of its total assets. For this purpose the countries are categorized into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per RBI guidelines. 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. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

### 5.4 Securitisation and transfer of assets

#### 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 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. Loss on securitisation is immediately debited to the Profit and Loss Account.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

### 5.5 Priority Sector Lending Certificates

#### Axis Bank Ltd.

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates ('PSLCs'). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of loan assets in PSLC transactions.

### 5.6 Foreign currency transactions

#### Group

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.

## Consolidated Financial Statements

Financial statements of foreign operations 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' (FCTR) till the disposal of the net investments. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account except for those that relate to repatriation of accumulated profits which are reclassified from FCTR to 'Balance in Profit and Loss Account' under Schedule 2 – Reserves and Surplus in the Balance Sheet.

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

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

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

### 5.7 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. Hedge transactions that are entered after 26 June, 2019 through rupee interest rate derivatives are accounted for as per the guidance note issued by ICAI on accounting for derivative contracts. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive Mark-to-Market (MTM) in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss account and are held in separate Suspense Account.

Premium on options is recognized as income/expense on expiry or early termination of the transaction.

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

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

### 5.8 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 where it is recognised on receipt basis if overdue for more than 90 days. Income on non-coupon bearing discounted instruments or low-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant yield basis.

Commission on guarantees and LCs is recognised on a pro-rata basis over the period of the guarantee/LC. Locker rent is recognized on a straight-line basis over the period of contract. Annual fee for credit cards and debit cards is recognised on a straight-line basis over the period of service. Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due, where the Bank is reasonably certain of ultimate collection.

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

Dividend income 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 for purchase of Priority Sector Lending Certificates ('PSLC') is amortised on straight-line basis over the tenor of the certificate as 'Other Expenditure' under Schedule 16 of Profit and Loss Account. Fees received on sale of PSLC is amortised on straight-line basis over the tenor of the certificate as 'Miscellaneous Income' under Schedule 14 of Profit and Loss Account.

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 and there is reasonable certainty of ultimate collection.

Interest income is recognised on an accrual basis.

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

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, and 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.

A provision for doubtful debts is recognized where, in the case of Initial Acceptance Fees, the receivables are not realized within 90 days from the date of invoice, and in the case of Annual Fees, the receivables are not received within 90 days from the end of the period for which the invoice is issued. Where doubtful debt remains unrecovered till the end of the year, the same is written off and reversed from the debtors account. Specific provisions are created in certain cases where recovery is assessed as doubtful even before the due date.

Realised gains and losses on mutual funds are dealt with in the Profit and Loss Account. The cost of units in mutual fund sold are determined on weighted average basis for the purpose of calculating gains or losses on sale/redemption of such units.

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### Axis Asset Management Company Limited

Management fees are recognised on accrual basis. 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.

Front end fees on processing of loans are recognised upfront as income.

### Axis Securities Limited

Business sourcing and resource management fees are recognised in accordance with the terms and contracts entered between the Company and counterparty.

Fees earned for the provision of services are recognised over time as the customer simultaneously receives and consumes the benefits, as the services are rendered. These include brokerage fees which is fixed at inception irrespective of number of transactions executed. The revenue for such contracts is recognised on consumption of benefits and the balance unutilized plan value is recognised on maturity/ validity of the 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 a 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 tenure of transaction. Transaction fees received from sellers is recognised upfront on the date of transaction. The company follows recognition of annual fee on time proportion basis over the tenure of one year.

### Freecharge Payment Technologies Private Ltd.

Revenue from commission income

Merchant check out fee 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 (GST) collected on behalf of the government are excluded from revenue.

Other operating revenue

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

## Unbilled revenue

Receivables are generally carried at the original invoiced amount, less an allowance for doubtful receivables where there is objective evidence that balances will not be recovered in full. Unbilled receivables is recognised to the extent for the services not billed at the reporting date.

### 5.9 Scheme expenses

#### Axis Asset Management Company Ltd.

##### 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

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

Upfront brokerage on close 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.

##### Other direct expenses

Expenses directly incurred for the scheme of Axis Mutual fund are charged to the Profit and Loss Account under respective heads unless considered recoverable from schemes in accordance with the provisions of SEBI (Mutual fund) regulations 1996.

### 5.10 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. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefit / functioning capability from / of such assets.

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. Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

Asset	Estimated useful life
Leased Land	As per the term of the agreement
Owned premises	60 years
Locker cabinets/cash safe/strong room door	10 years
EPABX, telephone instruments	8 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

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Asset	Estimated useful life
Application software	5 years
Electronic Data Capture (EDC)/ Point of Sale (POS) machines	5 years
Vehicles	4 years
Computer hardware including printers	3 years
CCTV and video conferencing equipment	3 years
Assets at staff residence	3 years
Mobile phone	2 years
All other fixed assets	10 years

Assets costing less than ₹5,000 individually are fully depreciated in the year of purchase.

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.

Gain or losses arising from the retirement or disposal of Fixed Assets are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the Profit and Loss Account. Further, in case of Bank, profit on sale of premises is appropriated to Capital Reserve account (net of taxes and transfer to statutory reserve) in accordance with RBI instructions.

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

### 5.11 Non-banking assets

#### Axis Bank Ltd.

Non-banking assets ('NBAs') acquired in satisfaction of claims include land. In the case of land, the Bank creates provision and follows the accounting treatment as per specific RBI directions.

### 5.12 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. Lease income from assets given on operating lease is recognized as income in profit and loss account on a straight line basis over the lease term.

### 5.13 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****Subsidiaries**

Accumulated leaves, which are expected to be utilized within the next 12 months, is treated as short-term employee benefit. The expected cost of such absences is measured as the additional amount that is expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

Accumulated leaves that are expected to be carried forward beyond twelve months are treated as long-term employee benefit for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately recognised in the Profit and Loss Account and loss 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.

**National 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.

**Long term deferred variable pay structure****Axis Capital Ltd.**

As part of its variable pay structure, the company operates long term deferred variable pay structure plan in which it defers a part of the entitlement which is to be settled in installments over a period of three years at an amount which would be equivalent to the prevailing price of equity share of Axis Bank at the time of settlement. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at the year-end using the projected unit credit method.

**5.14 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 present value of the obligation under such plan is determined based on actuarial valuation.



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### 5.15 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, which includes assumptions such as mortality, redemption and utilization. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

### 5.16 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 and considering the material principle set out in Income Computation and Disclosure Standards to the extent applicable. In case of overseas subsidiaries, 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.

### 5.17 Share issue expenses

#### Group

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

### 5.18 Corporate Social Responsibility

#### Group

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, is recognised as operating expenditure or capital expenditure as applicable

### 5.19 Earnings per share

#### Group

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

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

### 5.20 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 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 the fair market price of the underlying equity shares at the date of the grant. 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.

## 5.21 Provisions, contingent liabilities and contingent assets

### Group

In accordance with AS-29 "Provisions, Contingent Liabilities and Contingent Assets" provision is recognised when the Group has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

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

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

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

## 5.22 Accounting for dividend

### Group

As per AS-4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, the group does not account for proposed dividend (including tax) as a liability through appropriation from the profit and loss account. The same is recognised in the year of actual payout post approval of shareholders. However, the Bank reckons proposed dividend in determining capital funds in computing the capital adequacy ratio.

## 5.23 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.

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### 18 NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March, 2021

- 1.1** During the year ended 31 March, 2021, the Bank raised additional equity capital through a Qualified Institutional Placement of 238,038,560 shares at a price of ₹420.10 per share. As a consequence, the paid-up share capital of the Bank has increased by ₹47.61 crores and the reserves of the Bank have increased by ₹9,915.41 crores after charging off issue related expenses. The funds mobilised from equity raising were utilised for enhancing the capital adequacy ratio, for the growth strategy, for addressing risks emanating from COVID-19 and for general corporate purpose.

During the previous year ended 31 March, 2020, the Bank allotted 45,357,385 equity shares at a price of ₹565 per share pursuant to exercise of convertible share warrants by the warrant holders. As a consequence, the paid-up share capital of the Bank increased by ₹9.07 crores and the reserves of the Bank increased by ₹2,551.03 crores after charging off issue related expenses.

Further, during the previous year ended 31 March, 2020, the Bank raised additional equity capital through a Qualified Institutional Placement of 198,728,139 shares at a price of ₹629 per share. As a consequence, the paid-up share capital of the Bank increased by ₹39.75 crores and the reserves of the Bank increased by ₹12,392.50 crores after charging off issue related expenses. The funds mobilised from equity raising were utilised for enhancing the capital adequacy ratio and for general corporate purpose.

- 1.2** COVID-19 virus, a global pandemic has affected the world economy including India. The extent to which the COVID-19 pandemic including the current second wave witnessed in the country, will impact the Bank's operations and asset quality will depend on the future developments, which are highly uncertain.

In accordance with the RBI guidelines on 'COVID-19 Regulatory Package' of 27 March, 2020, 17 April, 2020 and 23 May, 2020, the Bank granted a moratorium on the repayment of all installments and/or interest, as applicable, due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period.

The Bank holds provisions of ₹5,012 crores as at 31 March, 2021 against the potential impact of COVID-19 (other than provisions held for restructuring under COVID-19 norms) based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.

#### 2.1 Disclosures

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

	(₹ in crores)	
For the year ended	31 March, 2021	31 March, 2020
Provision for income tax		
- Current tax	2,756.87	3,076.88
- Deferred tax <sup>1</sup> (Refer 2.1.11)	(259.18)	324.41
	<b>2,497.69</b>	<b>3,401.29</b>
Provision for non-performing assets (including bad debts written off and write backs)	12,358.53	12,835.30
Provision for restructured assets/strategic debt restructuring/ sustainable structuring	(13.68)	(15.50)
Provision for Covid-19 restructuring & MSME restructuring	499.00	-
Provision towards standard assets <sup>2</sup>	2,390.72	1,534.16
Provision for depreciation in value of investments	1,329.08	135.99
Provision for unhedged foreign currency exposure	215.58	(10.68)
Provision for country risk	(12.17)	12.17
Provision for other contingencies <sup>3</sup>	229.48	4,224.49
<b>Total</b>	<b>19,494.23</b>	<b>22,117.22</b>

- During the previous year ended 31 March, 2020, the group elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 and accordingly recognised provision for income tax in line with the above option. This necessitated a restatement of the opening balance of deferred tax assets as at 1 April, 2019, basis the rate prescribed in the aforesaid section.
- including provision on loans under moratorium as per RBI guidelines on COVID-19 regulatory package of ₹3,130.18 crores (of which provision of ₹1,117.72 crores was made in FY 2019-20 and ₹2,012.46 crores was made in FY 2020-21)
- includes provision for non-banking assets, legal cases, other contingencies and provision of ₹1,882 crores for COVID-19 over and above regulatory requirement made during the previous year ended 31 March, 2020

- 2.1.2 During the years ended 31 March, 2021 and 31 March, 2020, the Bank has not raised debt instruments eligible for Tier-I/Tier-II capital.

During the year ended 31 March, 2021, the Bank has not redeemed debt instruments eligible for Tier-I/Tier-II capital.

During the year ended 31 March, 2020, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier II	16 June, 2019	120 months	9.15%p.a.	₹2,000 crores

- 2.1.3 Divergence in Asset Classification and Provisioning for NPAs

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1 April, 2019, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process the year ended 31 March, 2020 and 31 March, 2019.

- 2.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

	31 March, 2021	31 March, 2020
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	7,195.50	1,853.11
Basic weighted average no. of shares (in crores)	297.47	271.51
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	0.79	0.98
Diluted weighted average no. of shares (in crores)	298.26	272.49
Basic EPS (₹)	24.19	6.83
Diluted EPS (₹)	24.13	6.80
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 7,886,586 stock options (previous year 8,395,776 stock options and 1,420,559 warrants)

- 2.1.5 Employee Stock Options Scheme ('the Scheme')

Pursuant to the approval of the shareholders in February 2001, the Bank approved an Employee Stock Option Scheme under which eligible employees are granted an option to purchase shares subject to vesting conditions. Over the period till March 2021, pursuant to the approval of the shareholders, the Bank approved ESOP schemes for options aggregating 265,087,000 that vest in a graded manner over 3 years. The options can be exercised within five years from the date of the vesting as the case may be. Within the overall ceiling of 265,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is authorised to issue options to eligible employees and Whole Time Directors of the subsidiary companies.

269,113,850 options have been granted under the Schemes till the previous year ended 31 March, 2020. Pursuant to the approval of the Nomination and Remuneration Committee on 18 March, 2020, the Bank granted 11,768,003 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 grant price of ₹488.35 per option. Further, during fiscal 2021, the Bank granted stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees, the details of which are as under:

Date of grant	No. of options granted	Grant price (₹ per option)
20 July, 2020	40,000	433.10
26 October, 2020	75,000	570.20

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Stock option activity under the Scheme for the year ended 31 March, 2021 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	32,665,885	306.54 to 757.10	557.01	4.15
Granted during the year	11,883,003	433.10 to 507.20	488.28	-
Forfeited during the year	(2,372,200)	306.54 to 757.10	624.49	-
Expired during the year	(34,876)	306.54	306.54	-
Exercised during the year	(4,032,158)	306.54 to 757.10	437.93	-
<b>Outstanding at the end of the year</b>	<b>38,109,654</b>	<b>306.54 to 757.10</b>	<b>544.21</b>	<b>4.22</b>
<b>Exercisable at the end of the year</b>	<b>25,062,306</b>	<b>306.54 to 757.10</b>	<b>537.63</b>	<b>3.19</b>

The weighted average share price in respect of options exercised during the year was ₹653.77.

Stock option activity under the Scheme for the year ended 31 March, 2020 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	30,132,874	288.96 to 619.60	465.06	4.13
Granted during the year	9,500,150	727.20 to 757.10	755.61	-
Forfeited during the year	(1,018,650)	306.54 to 757.10	623.71	-
Expired during the year	(950)	288.96	288.96	-
Exercised during the year	(5,947,539)	288.96 to 535.00	397.02	-
<b>Outstanding at the end of the year</b>	<b>32,665,885</b>	<b>306.54 to 757.10</b>	<b>557.01</b>	<b>4.15</b>
<b>Exercisable at the end of the year</b>	<b>20,373,840</b>	<b>306.54 to 757.10</b>	<b>505.98</b>	<b>3.03</b>

The weighted average share price in respect of options exercised during the year was ₹715.09.

### Fair Value Methodology

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' issued by the Institute of Chartered Accountants of India, the impact on reported net profit and EPS would be as follows:

	31 March, 2021	31 March, 2020
Net Profit (as reported) (₹ in crores)	7,195.50	1,853.11
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)	(145.53)	(137.07)
<b>Net Profit (Proforma) (₹ in crores)</b>	<b>7,049.97</b>	<b>1,716.04</b>
<b>Earnings per share: Basic (in ₹)</b>		
As reported	24.19	6.83
Proforma	23.70	6.32
<b>Earnings per share: Diluted (in ₹)</b>		
As reported	24.13	6.80
Proforma	23.65	6.30

During the years ended, 31 March, 2021 and 31 March, 2020, 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, 2021	31 March, 2020
Dividend yield	0.29%-0.64%	0.54%
Expected life	2.28-4.28 years	1.82-3.82 years
Risk free interest rate	4.28% to 6.20%	5.99% to 6.96%
Volatility	28.87% to 31.88%	28.07% to 28.60%

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, 2021 is ₹143.45 (previous year ₹200.15).

On 22 March, 2021, the Nomination and Remuneration Committee of the Board of Directors of the Bank has approved the grant of upto 13,800,000 stock options to eligible employees. As on 31 March, 2021, there have been no allotments of options under this grant. Accordingly, these options have not been considered in the above disclosure and for disclosure of proforma net profit and EPS under fair value method for fiscal 2021.

#### 2.1.6 Proposed Dividend

The Reserve Bank of India, through its notification dated 4 December, 2020 stated that in view of the ongoing stress and heightened uncertainty due to COVID-19, banks should continue to conserve capital to support the economy and absorb losses. The notification also stated that in order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended 31 March, 2020. The Bank did not declare any dividend for the year ended 31 March, 2020.

The Board of Directors of the Bank at their meeting held on 27 April, 2021 have considered it prudent to not propose any dividend for the year ended 31 March, 2021, in light of the situation developing around COVID-19 in the country and related uncertainty that it creates.

#### 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.

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

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

Segmental results are set out below:

(₹ in crores)

	31 March, 2021				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
<b>Segment Revenue</b>					
Gross interest income (external customers)	15,806.17	18,369.61	30,358.64	162.00	64,696.42
Other income	3,920.79	3,946.79	6,199.85	2,084.09	16,151.52
<b>Total income as per Profit and Loss Account</b>	<b>19,726.96</b>	<b>22,316.40</b>	<b>36,558.49</b>	<b>2,246.09</b>	<b>80,847.94</b>
Add/(less) inter segment interest income	721.78	6,053.05	27,146.96	0.01	33,921.80
<b>Total segment revenue</b>	<b>20,448.74</b>	<b>28,369.45</b>	<b>63,705.45</b>	<b>2,246.10</b>	<b>114,769.74</b>
Less: Interest expense (external customers)	13,025.10	1,470.35	20,430.74	0.25	34,926.44
Less: Inter segment interest expense	1,528.56	12,868.66	19,523.71	0.87	33,921.80
Less: Operating expenses	230.46	5,254.70	13,007.14	682.58	19,174.88
<b>Operating profit</b>	<b>5,664.62</b>	<b>8,775.74</b>	<b>10,743.86</b>	<b>1,562.40</b>	<b>26,746.62</b>
Less: Provision for non-performing assets/ others*	2,258.13	6,673.06	8,064.61	0.74	16,996.54
Less: Unallocated Provision for other contingencies					-
<b>Segment result</b>	<b>3,406.49</b>	<b>2,102.68</b>	<b>2,679.25</b>	<b>1,561.66</b>	<b>9,750.08</b>
Less: Provision for tax					2,497.69
<b>Net Profit before minority interest and earnings from Associate</b>					<b>7,252.39</b>
Less: Minority Interest					56.89
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>7,195.50</b>
Segment assets	347,303.30	294,460.96	358,891.16	1,058.11	1,001,713.53
Unallocated assets					8,611.80
<b>Total assets</b>					<b>1,010,325.33</b>
Segment liabilities	262,815.72	176,523.57	465,002.71	219.95	904,561.95
Unallocated liabilities <sup>(1)</sup>					2,169.68
<b>Total liabilities</b>					<b>906,731.63</b>
<b>Net assets</b>	<b>84,487.58</b>	<b>117,937.39</b>	<b>(106,111.55)</b>	<b>838.16</b>	<b>103,593.70</b>
<b>Capital Expenditure for the year</b>	<b>11.07</b>	<b>349.06</b>	<b>920.87</b>	<b>21.70</b>	<b>1,302.70</b>
<b>Depreciation on fixed assets for the year</b>	<b>8.29</b>	<b>265.99</b>	<b>689.69</b>	<b>15.43</b>	<b>979.40</b>

(1) Includes minority interest of ₹173.75 crores

\* represents material non-cash items other than depreciation



(₹ in crores)

	31 March, 2020				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
<b>Segment Revenue</b>					
Gross interest income (external customers)	14,600.09	19,562.72	29,552.87	-	63,715.68
Other income	3,753.53	4,210.47	6,615.30	1,762.69	16,341.99
<b>Total income as per Profit and Loss Account</b>	<b>18,353.62</b>	<b>23,773.19</b>	<b>36,168.17</b>	<b>1,762.69</b>	<b>80,057.67</b>
Add/(less) inter segment interest income	4,813.04	6,524.53	25,323.09	0.01	36,660.67
<b>Total segment revenue</b>	<b>23,166.66</b>	<b>30,297.72</b>	<b>61,491.26</b>	<b>1,762.70</b>	<b>116,718.34</b>
Less: Interest expense (external customers)	16,399.83	1,710.98	19,885.13	-	37,995.94
Less: Inter segment interest expense	2,299.55	14,464.23	19,896.23	0.66	36,660.67
Less: Operating expenses	314.37	4,722.25	12,435.38	593.76	18,065.76
<b>Operating profit</b>	<b>4,152.91</b>	<b>9,400.26</b>	<b>9,274.52</b>	<b>1,168.28</b>	<b>23,995.97</b>
Less: Provision for non-performing assets/ others*	2,599.64	9,908.08	4,325.55	0.38	16,833.65
Less: Unallocated provision for other contingencies <sup>#</sup>	-	-	-	-	1,882.28
<b>Segment result</b>	<b>1,553.27</b>	<b>(507.82)</b>	<b>4,948.97</b>	<b>1,167.90</b>	<b>5,280.04</b>
Less: Provision for tax					3,401.29
<b>Net Profit before minority interest and earnings from Associate</b>					<b>1,878.75</b>
Less: Minority Interest					25.64
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>1,853.11</b>
Segment assets	318,397.82	270,594.74	329,047.96	803.57	918,844.09
Unallocated assets					9,027.72
<b>Total assets</b>					<b>927,871.81</b>
Segment liabilities	293,396.41	139,537.68	406,283.36	214.92	839,432.37
Unallocated liabilities <sup>(1)</sup>					2,099.01
<b>Total liabilities</b>					<b>841,531.38</b>
<b>Net assets</b>	<b>25,001.42</b>	<b>131,057.06</b>	<b>(77,235.40)</b>	<b>588.65</b>	<b>86,340.43</b>
<b>Capital Expenditure for the year</b>	<b>6.89</b>	<b>246.81</b>	<b>641.73</b>	<b>13.65</b>	<b>909.08</b>
<b>Depreciation on fixed assets for the year</b>	<b>6.12</b>	<b>214.37</b>	<b>571.53</b>	<b>14.05</b>	<b>806.07</b>

(1) Includes minority interest of ₹113.56 crores

\* represents material non-cash items other than depreciation

<sup>#</sup> represents provision for COVID-19 over and above regulatory requirement, per extant guidelines as on date of adoption of financial statements by the Board



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### Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
Revenue	79,545.66	77,791.87	1,302.28	2,265.80	80,847.94	80,057.67
Assets	955,260.99	869,479.51	55,064.34	58,392.30	1,010,325.33	927,871.81
Capital Expenditure for the year	1,300.68	907.17	2.02	1.91	1,302.70	909.08
Depreciation on fixed assets for the year	978.25	800.63	1.15	5.44	979.40	806.07

### 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, New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

During the year, United India Insurance Co. Limited and National Insurance Co. Limited, have made a request to reclassify themselves to “Public” category from “Promoter” category, in terms of Reg. 31A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended. The Board at its meetings held on 27 February, 2021 and 26 March, 2021 respectively, has considered and approved the said requests, subject to the approval of the Stock Exchanges, Statutory/ Regulatory Authorities and the Shareholders of the Bank, in terms of the said Regulations. Further on 22 April, 2021, New India Assurance Co. Limited has also made a request to reclassify itself to “Public” category from “Promoter” category, in terms of aforesaid SEBI Regulations which is subject to the approval of the Bank’s Board of Directors, Stock Exchanges, Statutory/ Regulatory Authorities and the Shareholders of the Bank, in terms of the said Regulations. The reclassification will be effective post receipt of the aforesaid approvals.

#### b) Key Management Personnel

- Mr. Amitabh Chaudhry (MD & CEO)
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)]
- Mr. Rajiv Anand [Executive Director (Wholesale Banking)]
- Mr. Pralay Mondal [Executive Director (Retail Banking)] (from 1 August, 2019 to 14 September, 2020)

#### c) Relatives of Key Management Personnel

Ms. Preeti Chaudhry, Mr. Anagh Chaudhry, Mr. Aruj Chaudhry, Mr. Aryan Chaudhry, Ms. Chhavi Kharb, Mr. Om Singh Chaudhry, Ms. Kusum Chaudhry, 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, Ms. Mahasweta Mondal, Ms. Pritha Mondal, Ms. Trina Mondal, Mr. Biplab Mondal, Ms. Anima Mondal.

The details of transactions of the Group with its related parties during the year ended 31 March, 2021 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel <sup>#</sup>	Total
Dividend paid	-	-	-	-
Interest paid	325.49	0.44	0.38	326.31
Interest received	0.03	0.23	-	0.26
Investment in non-equity instrument of related party	-	-	-	-
Investment of related party in the Bank	-	8.83	-	8.83
Redemption of Hybrid capital/Bonds of the Bank	-	-	-	-
Sale of investments	2,227.52	-	-	2,227.52
Remuneration paid	-	13.45	-	13.45
Contribution to employee benefit fund	14.33	-	-	14.33
Placement of deposits	1.59	-	-	1.59
Advance granted (net)	-	0.90	-	0.90
Advance repaid	0.23	0.71	-	0.94
Receiving of services	263.65	-	-	263.65
Rendering of services	52.41	-	-	52.41
Sale/ Purchase of foreign exchange currency to/from related party	-	0.32	0.19	0.51
Other reimbursements from related party	0.06	-	-	0.06
Other reimbursements to related party	0.25	-	-	0.25

<sup>#</sup> Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

The balances payable to/receivable from the related parties of the Group as on 31 March, 2021 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	6,587.83	2.46	6.04	6,596.33
Placement of security deposits	1.90	-	-	1.90
Advances	1.08	5.04	0.02	6.14
Investment in non-equity instruments of related party	0.02	-	-	0.02
Investment of related party in the Bank	81.18	0.10	-	81.28
Non-funded commitments	3.32	-	-	3.32
Investment of related party in Hybrid capital/ Bonds of the Bank	2,760.00	-	-	2,760.00
Other receivables (net)	0.02	-	-	0.02

The maximum balances payable to/receivable from the related parties of the Group during the year ended 31 March, 2021 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	11,706.70	16.49	6.59	11,729.78
Placement of security deposits	1.90	-	-	1.90
Advances	8.03	5.68	0.08	13.79
Investment of related party in the Bank	88.56	0.10	-	88.66
Investment in non-equity instrument of related party	0.02	-	-	0.02
Non-funded commitments	3.32	-	-	3.32
Investment of related party in Hybrid capital/Bonds of the Bank	2,760.00	-	-	2,760.00
Other receivables (net)	0.04	-	-	0.04

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The details of transactions of the Group with its related parties during the year ended 31 March, 2020 are given below:

(₹ in crores)				
Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel <sup>#</sup>	Total
Dividend paid	46.04	0.04	-	46.08
Interest paid	551.48	1.07	0.15	552.70
Interest received	0.19	0.26	-	0.45
Investment in non-equity instrument of related party	-	-	-	-
Investment of related party in the Bank	-	5.44	-	5.44
Redemption of Hybrid capital/Bonds of the Bank	55.00	-	-	55.00
Sale of investments	1,318.04	-	-	1,318.04
Remuneration paid	-	15.84	-	15.84
Contribution to employee benefit fund	15.42	-	-	15.42
Advance granted (net)	-	-	-	-
Advance repaid	5.31	6.01	-	11.32
Receiving of services	206.94	-	-	206.94
Rendering of services	29.68	0.01	-	29.69
Sale/ Purchase of foreign exchange currency to/from related party	-	1.48	0.03	1.51
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.19	-	-	0.19

<sup>#</sup> Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

The balances payable to/receivable from the related parties of the Group as on 31 March, 2020 are given below:

(₹ in crores)				
Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	7,119.06	16.01	5.99	7,141.06
Placement of security deposits	0.31	-	-	0.31
Advances	1.31	4.85	0.03	6.19
Investment in non-equity instruments of related party	0.02	-	-	0.02
Investment of related party in the Bank	88.56	0.08	-	88.64
Non-funded commitments	3.32	-	-	3.32
Investment of related party in Hybrid capital/ Bonds of the Bank	2,760.00	-	-	2,760.00
Other receivables (net)	0.04	-	-	0.04

The maximum balances payable to/receivable from the related parties of the Group during the year ended 31 March, 2020 are given below:

(₹ in crores)				
Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	16,652.92	20.86	5.99	16,679.77
Placement of security deposits	0.31	-	-	0.31
Advances	11.51	10.99	0.06	22.56
Investment of related party in the Bank	93.60	0.09	-	93.69
Investment in non-equity instrument of related party	290.07	-	-	290.07
Non-funded commitments	3.33	-	-	3.33
Investment of related party in Hybrid capital/Bonds of the Bank	2,815.00	-	-	2,815.00
Other receivables (net)	0.32	-	-	0.32

The significant transactions between the Group and related parties during the year ended 31 March, 2021 and 31 March, 2020 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:

(₹ in crores)		
Particulars	31 March, 2021	31 March, 2020
<b>Dividend paid</b>		
Life Insurance Corporation of India	-	26.32
Administrator of the Specified Undertaking of the Unit Trust of India	-	13.69
<b>Interest paid</b>		
Administrator of the Specified Undertaking of the Unit Trust of India	37.02	44.52
Life Insurance Corporation of India	216.43	433.28
General Insurance Corporation Co. Limited	40.22	12.29
<b>Interest received</b>		
Mr. Rajiv Anand	0.09	0.15
Mr. Rajesh Dahiya	0.14	0.11
Life Insurance Corporation of India	0.03	0.19
<b>Investment of related party in the Bank</b>		
Mr. Rajiv Anand	4.82	2.62
Mr. Rajesh Dahiya	4.01	2.82
<b>Redemption of Hybrid capital/Bonds of the Bank</b>		
General Insurance Corporation Co. Limited	-	10.00
National Insurance Co. Limited	-	20.00
United India Insurance Co. Limited	-	25.00
<b>Sale of investments</b>		
New India Assurance Co. Limited	521.57	490.00
General Insurance Corporation Co. Limited	1,293.95	556.00
United India Insurance Co. Limited	50.00	112.18
The Oriental Insurance Co. Limited	97.00	99.85
National Insurance Co. Limited	265.00	60.00
<b>Remuneration paid</b>		
Mr. Amitabh Chaudhry	6.54	6.26
Mr. Rajiv Anand	3.01	4.16
Mr. Rajesh Dahiya	2.74	3.75
Mr. Pralay Mondal	1.16	1.67
<b>Contribution to employee benefit fund</b>		
Life Insurance Corporation of India	14.33	15.42
<b>Placement of deposits</b>		
Life Insurance Corporation of India	1.59	-
<b>Advance granted (net)</b>		
Mr. Rajesh Dahiya	0.90	-
<b>Advance repaid</b>		
Life Insurance Corporation of India	0.23	5.31
Mr. Rajiv Anand	0.36	5.61
Mr. Rajesh Dahiya	0.35	0.40
<b>Receiving of services</b>		
The Oriental Insurance Co. Limited	139.08	95.83

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Particulars	31 March, 2021	31 March, 2020
New India Assurance Co. Limited	77.65	90.13
Life Insurance Corporation of India	41.93	13.53
<b>Rendering of services</b>		
Life Insurance Corporation of India	51.07	28.22
General Insurance Corporation Co. Limited	0.22	0.13
<b>Sale/ Purchase of foreign exchange currency to/from related party</b>		
Mr. Amitabh Chaudhry	-	0.40
Mr. Rajiv Anand	0.07	0.36
Mr. Pralay Mondal	0.25	0.72
Ms. Preeti Chaudhry	0.14	0.01
Ms. Tara Anand	0.05	0.02
<b>Other reimbursements from related party</b>		
New India Assurance Co. Limited	0.06	-
<b>Other reimbursements to related party</b>		
Life Insurance Corporation of India	0.25	0.19

### 2.1.9 Leases

#### Disclosure in respect of assets taken on operating lease

This comprises of branches, office premises/ATMs, cash deposit machines, currency chests, staff quarters, office and IT equipments.

	(₹ in crores)	
	31 March, 2021	31 March, 2020
Future lease rentals payable as at the end of the year:		
- Not later than one year	926.88	869.50
- Later than one year and not later than five years	3,137.38	2,813.88
- Later than five years	4,345.28	3,012.57
Total of minimum lease payments recognised in the Profit and Loss Account for the year	981.41	940.22

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.

#### Disclosure in respect of assets given on operating lease

	(₹ in crores)	
	31 March, 2021	31 March, 2020
Gross carrying amount of premises at the end of the year	213.78	213.78
Accumulated depreciation at the end of the year	18.81	15.24
Total depreciation charged to profit and loss account for the year	3.56	3.56
Future lease rentals receivable as at the end of the year:		
- Not later than one year	29.50	29.50
- Later than one year and not later than five years	118.30	118.16
- Later than five years	35.72	65.36

There is no provision relating to contingent rent.

## 2.1.10 Movement in fixed assets capitalised as application software (included in other Fixed Assets)

(₹ in crores)

Particulars	31 March, 2021	31 March, 2020
At cost at the beginning of the year	1,882.22	1,681.48
Additions during the year*	465.94	229.86
Deductions during the year	(38.73)	(29.12)
Accumulated depreciation as at 31 March	(1,571.81)	(1,316.13)
<b>Closing balance as at 31 March</b>	<b>737.62</b>	<b>566.09</b>
Depreciation charge for the year	279.52	235.37

\*includes movement on account of exchange rate fluctuation

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

(₹ in crores)

As at	31 March, 2021	31 March, 2020
Deferred tax assets on account of provisions for doubtful debts	5,980.99	5,968.35
Deferred tax assets on account of amortisation of HTM investments	5.01	5.01
Deferred tax assets on account of provision for employee benefits	20.90	26.69
Deferred tax assets on account of other items	1,651.94	1,423.68
<b>Deferred tax assets</b>	<b>7,658.84</b>	<b>7,423.74</b>
Deferred tax liability on account of depreciation on fixed assets	33.02	44.23
Deferred tax liabilities on account of other items	9.93	15.72
<b>Deferred tax liabilities</b>	<b>42.95</b>	<b>59.95</b>
<b>Net deferred tax asset</b>	<b>7,615.89</b>	<b>7,363.79</b>

During the previous year ended 31 March, 2020, the group elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 and accordingly recognised provision for income tax in line with the above option. This necessitated a restatement of the opening balance of deferred tax assets as at 1 April, 2019, basis the rate prescribed in the aforesaid section.

## 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 ₹246.26 crores for the year ended 31 March, 2021 (previous year ₹210.89 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.

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### Profit and Loss Account

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

(₹ in crores)

	31 March, 2021	31 March, 2020
Current Service Cost*	135.39	109.92
Interest on Defined Benefit Obligation	161.94	168.87
Expected Return on Plan Assets	(218.33)	(205.73)
Net Actuarial Losses/(Gains) recognised in the year	56.39	36.86
<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>	<b>135.39</b>	<b>109.92</b>
Actual Return on Plan Assets	205.45	173.11

\* includes contribution of ₹0.27 crores towards staff deputed at subsidiaries (previous year ₹0.40 crores)

### Balance Sheet

Details of provision for provident fund

(₹ in crores)

	31 March, 2021	31 March, 2020
Fair Value of Plan Assets	2,861.59	2,494.37
Present Value of Funded Obligations	2,861.59	2,494.37
<b>Net Asset</b>	<b>-</b>	<b>-</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	-	-
Assets	-	-
<b>Net Asset/(Liability)</b>	<b>-</b>	<b>-</b>

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

(₹ in crores)

	31 March, 2021	31 March, 2020
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	2,494.37	2,245.71
Current Service Cost	135.39	109.92
Interest Cost	161.94	168.87
Actuarial Losses/(Gains)	43.51	4.24
Employees Contribution	293.85	276.90
Liability transferred from/to other companies	(29.52)	(14.90)
Benefits Paid	(237.95)	(296.37)
<b>Closing Defined Benefit Obligation</b>	<b>2,861.59</b>	<b>2,494.37</b>

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

(₹ in crores)

	31 March, 2021	31 March, 2020
<b>Change in the Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	2,494.37	2,245.71
Expected Return on Plan Assets	218.33	205.73
Actuarial Gains/(Losses)	(12.88)	(32.62)
Employer contribution during the period	135.39	109.92
Employee contribution during the period	293.85	276.90
Assets transferred from/to other companies	(29.52)	(14.90)
Benefits Paid	(237.95)	(296.37)
<b>Closing Fair Value of Plan Assets</b>	<b>2,861.59</b>	<b>2,494.37</b>

## Experience adjustments

(₹ in crores)

	31 March, 2021	31 March, 2020	31 March, 2019	31 March, 2018	31 March, 2017
Defined Benefit Obligations	2,861.59	2,494.37	2,245.71	2,006.65	1,688.78
Plan Assets	2,861.59	2,494.37	2,245.71	2,006.65	1,688.78
Surplus/(Deficit)	-	-	-	-	-
Experience Adjustments on Plan Liabilities	43.51	4.24	(27.40)	12.10	20.83
Experience Adjustments on Plan Assets	(12.88)	(32.62)	(57.29)	(30.95)	0.58

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

	31 March, 2021	31 March, 2020
	(in percentage)	(in percentage)
Government securities	56	55
Bonds, debentures and other fixed income instruments	15	15
Equity shares	5	4
Others	24	26

## Principal actuarial assumptions at the balance sheet date:

	31 March, 2021	31 March, 2020
Discount rate for the term of the obligation	6.55%	6.45%
Average historic yield on the investment portfolio	8.80%	8.83%
Discount rate for the remaining term to maturity of the investment portfolio	6.50%	6.85%
Expected investment return	8.85%	8.43%
Guaranteed rate of return	8.50%	8.50%

## Superannuation

The Group contributed ₹14.30 crores to the employee's superannuation plan for the year ended 31 March, 2021 (previous year ₹15.39 crores).

## National Pension Scheme (NPS)

During the year, the Bank has contributed ₹6.83 crores (previous year ₹6.37 crores) to the NPS for employees who had opted for the scheme.

## Group

## Leave Encashment

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

(₹ in crores)

	31 March, 2021			
	Liability - Privilege Leave	Total Expenses included under Schedule 16(I)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Capital Ltd.*	0.31	0.11	6.49% p.a.	7.00% p.a.
A.Treds Ltd.*	0.32	0.15	6.45% p.a.	10.00% p.a.
Freecharge Payment Technologies Ltd.*	4.00	1.88	5.45% p.a.	8.50% p.a.
Axis Trustee Services Ltd.	0.03	0.04	-	-

\* based on actuarial valuation



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(₹ in crores)

	31 March, 2020			
	Liability - Privilege Leave	Total Expenses included under Schedule 16(I)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Bank Ltd.	58.10	(8.99)	-	-
Axis Capital Ltd.*	0.20	0.13	6.59% p.a.	7.00% p.a.
Axis Securities Ltd.*	(0.54)	1.97	-	-
Axis Asset Management Co. Ltd.	1.50	(0.69)	-	-
Axis Finance Ltd.*	0.75	0.78	-	-
A.Treds Ltd.*	0.17	0.24	6.65% p.a.	10.00% p.a.
Freecharge Payment Technologies Ltd.*	2.88	1.45	5.70% p.a.	12.00% p.a.
Accelyst Solutions Ltd.*	0.26	0.16	5.89% p.a.	12.00% p.a.

\* based on actuarial valuation

### Group

#### Gratuity

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

#### Profit and Loss Account

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

(₹ in crores)

	31 March, 2021	31 March, 2020
Current Service Cost	66.44	55.65
Interest on Defined Benefit Obligation	33.73	34.77
Expected Return on Plan Assets	(35.72)	(30.48)
Net Actuarial Losses/(Gains) recognised in the year	(25.68)	40.99
Past Service Cost	0.78	0.78
<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>	<b>39.55</b>	<b>101.71</b>
Actual Return on Plan Assets	43.71	23.20

#### Balance Sheet

Details of provision for gratuity

(₹ in crores)

	31 March, 2021	31 March, 2020
Present Value of Funded Obligations	(540.91)	(490.42)
Present Value of un-funded Obligations	(4.27)	(3.79)
Fair Value of Plan Assets	528.33	484.98
Unrecognised Past Service Cost	0.77	1.55
<b>Net (Liability)/Asset</b>	<b>(16.08)</b>	<b>(7.68)</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	16.08	7.68
Assets	-	-
<b>Net Liability (included under Schedule 5 – Other Liabilities)</b>	<b>(16.08)</b>	<b>(7.68)</b>

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

(₹ in crores)

	31 March, 2021	31 March, 2020
<b>Change in Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	494.21	424.41
Current Service Cost	66.44	55.65
Interest Cost	33.73	34.77
Actuarial Losses/(Gains)	(17.68)	33.72
Past Service Cost	-	-
Liabilities Assumed on Acquisition	(0.03)	0.11
Liabilities transferred in/(out)	-	(0.27)
Benefits Paid	(31.49)	(54.18)
<b>Closing Defined Benefit Obligation</b>	<b>545.18</b>	<b>494.21</b>

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

(₹ in crores)

	31 March, 2021	31 March, 2020
Opening Fair Value of Plan Assets	484.98	403.44
Expected Return on Plan Assets	35.72	30.48
Actuarial Gains/(Losses)	8.00	(7.28)
Contributions by Employer	30.36	112.02
Assets transferred in	-	0.09
Benefits Paid	(30.73)	(53.77)
<b>Closing Fair Value of Plan Assets</b>	<b>528.33</b>	<b>484.98</b>

Experience adjustments

(₹ in crores)

	31 March, 2021	31 March, 2020	31 March, 2019	31 March, 2018	31 March, 2017
Defined Benefit Obligations	545.18	494.21	424.41	366.99	301.45
Plan Assets	528.33	484.98	403.44	336.33	290.11
Surplus/(Deficit)	(16.85)	(9.23)	(20.97)	(30.66)	(11.34)
Experience Adjustments on Plan Liabilities	(8.34)	(10.14)	6.70	2.90	7.09
Experience Adjustments on Plan Assets	7.92	(7.28)	9.55	(4.91)	(1.68)

#### Axis Bank Ltd.

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

	31 March, 2021	31 March, 2020
	(in percentage)	(in percentage)
Government securities	47	30
Bonds, debentures and other fixed income instruments	44	42
Money market instruments	5	2
Equity shares	3	2
Others	1	24

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### Principal actuarial assumptions at the balance sheet date:

	31 March, 2021	31 March, 2020
Discount Rate	6.55% p.a.	6.45% p.a.
Expected rate of Return on Plan Assets	7.00% p.a.	7.50% p.a.
Salary Escalation Rate	5.80% p.a. until year 1, then 7.00% p.a.	7.00% p.a.
Employee Turnover		
- 18 to 30 (age in years)	24.00%	24.00%
- 31 to 44 (age in years)	14.00%	14.00%
- 45 to 59 (age in years)	8.00%	8.00%

### Axis Capital Ltd.

	31 March, 2021	31 March, 2020
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, 2021	31 March, 2020
<b>Principal actuarial assumptions at the balance sheet date:</b>		
Discount Rate	6.49% p.a.	6.59% p.a.
Expected rate of Return on Plan Assets	6.49% p.a.	6.59% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	10.00%	10.00%

### Axis Asset Management Company Ltd.

	31 March, 2021	31 March, 2020
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, 2021	31 March, 2020
<b>Principal actuarial assumptions at the balance sheet date:</b>		
Discount Rate	5.58% p.a.	5.76% p.a.
Expected rate of Return on Plan Assets	5.76% p.a.	7.00% p.a.
Salary Escalation Rate	11.00% p.a.	12.00% p.a.
Employee Turnover	15.00% - 20.00%	15.00% - 20.00%

### Axis Securities Ltd.

	31 March, 2021	31 March, 2020
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, 2021	31 March, 2020
<b>Principal actuarial assumptions at the balance sheet date:</b>		
Discount Rate	6.55% p.a.	6.30% p.a.
Expected rate of Return on Plan Assets	7.00% p.a.	7.25% p.a.
Salary Escalation Rate	7.75% p.a.	7.75% p.a.
Employee Turnover		
- 21 to 44 (age in years) (managerial)	16.00%	20.00%
- 21 to 44 (age in years) (non managerial)	30.00%	60.39%
- 45 to 59 (age in years)	1.00%	1.00%

**Axis Finance Ltd.**

	31 March, 2021	31 March, 2020
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, 2021	31 March, 2020
<b>Principal actuarial assumptions at the balance sheet date:</b>		
Discount Rate	6.82% p.a.	6.84% p.a.
Expected rate of Return on Plan Assets	6.82% p.a.	6.84% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	5.00%	5.00%

**Axis Trustee Services Ltd**

	31 March, 2021	31 March, 2020
<b>Principal actuarial assumptions at the balance sheet date:</b>		
Discount Rate	4.25% p.a.	5.21% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	8.00% p.a.	8.00% p.a.
Employee Turnover	30.00%	30.00%

**A. Treds Ltd.**

	31 March, 2021	31 March, 2020
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, 2021	31 March, 2020
<b>Principal actuarial assumptions at the balance sheet date:</b>		
Discount Rate	6.45% p.a.	6.65% p.a.
Expected rate of Return on Plan Assets	7.00% p.a.	7.50% p.a.
Salary Escalation Rate	10.00% p.a.	10.00% p.a.
Employee Turnover		
- 21 to 30 (age in years)	24.00%	24.00%
- 31 to 44 (age in years)	14.00%	14.00%
- 45 to 59 (age in years)	8.00%	8.00%

**Freecharge Payment Technologies Pvt Ltd**

	31 March, 2021	31 March, 2020
<b>Principal actuarial assumptions at the balance sheet date:</b>		
Discount Rate	5.45% p.a.	5.70% - 5.89% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	8.50% p.a.	12.00% p.a.
Employee Turnover	25.00% - 30.00%	25.00% - 30.00%

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.

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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 Code on Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have also not yet been issued. The Bank has carried out an impact assessment of the gratuity liability based on an actuarial valuation and on a prudent basis made a provision of ₹208 crores in the profit and loss account for the year ended 31 March, 2021. This is over and above the provisions made in normal course based on extant rules and as reported in the above disclosure.

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

### 2.1.13 Small and Micro Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. Following are the details of payments to MSMED registered vendors for the year ended 31 March, 2021:

Axis Bank Ltd.

(₹ in crores)

Particulars	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier	10.32	0.01
The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006	N.A.	-
The amount of interest accrued and remaining unpaid	N.A.	1.73
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23	N.A.	1.73

There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the previous the year ended 31 March, 2020.

The above is based on the information available with the Bank which has been relied upon by the auditors.

Subsidiaries

(₹ in crores)

Particulars	31 March, 2021	31 March, 2020
The Principal amount and the interest due thereon remaining unpaid to any supplier	0.25	0.26
The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	0.65	0.02
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006	0.00*	0.03
The amount of interest accrued and remaining unpaid	0.00*	0.03
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23	-	-

\*Amount less than ₹50,000

## 2.1.14 Corporate Social Responsibility (CSR)

- a) Amount required to be spent by the Group on CSR during the year ₹103.67 crores (previous year ₹113.64 crores).
- b) Amount spent towards CSR during the year and recognized as expense in the statement of profit and loss on CSR related activities (including capital expenditure) is ₹103.95 crores (previous year ₹113.98 crores), which comprise of following –

(₹ in crores)

	31 March, 2021			31 March, 2020		
	In cash	Yet to be paid in cash (i.e. provision)	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/ acquisition of any asset	-	-	-	0.28	-	0.28
On purpose other than above	98.08	5.87	103.95	108.35	5.35	113.70

## 2.1.15 Provisions and contingencies

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

(₹ in crores)

	31 March, 2021	31 March, 2020
Opening balance at the beginning of the year	77.66	53.58
Additions during the year	10.95	25.10
Reductions on account of payments during the year	-	(1.02)
Reductions on account of reversals during the year	-	-
<b>Closing balance at the end of the year</b>	<b>88.61</b>	<b>77.66</b>

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

(₹ in crores)

	31 March, 2021	31 March, 2020
Opening provision at the beginning of the year	266.10	205.90
Provision made during the year	191.40	214.56
Reductions during the year	(152.14)	(154.36)
<b>Closing provision at the end of the year</b>	<b>305.36</b>	<b>266.10</b>

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

(₹ in crores)

	31 March, 2021	31 March, 2020
Opening provision at the beginning of the year	2,862.40	187.99
Provision made during the year	303.55	2,674.41
Reductions during the year	(143.71)	-
<b>Closing provision at the end of the year</b>	<b>3,022.24</b>	<b>2,862.40</b>

Closing provision includes provision for legal cases, other contingencies and provision for COVID-19 over and above regulatory requirement.

## 2.1.16 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 and other statutory authorities which are disputed by the Group. In addition, the Group holds provision of ₹83.05 crores as on 31 March, 2021 (previous year ₹69.49 crores) towards claims assessed as probable.
- b) Liability for partly paid investments
- This represents amounts remaining unpaid towards liability for partly paid investments.

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c) Liability on account of forward exchange and derivative contracts

The Group enters into foreign exchange contracts including non-deliverable forward (NDF) contracts, currency options/swaps, exchange traded currency options, non-deliverable options, 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. A non-deliverable forward contract is a currency derivatives contract to exchange cash flows between the contracted forward exchange rate and prevailing spot rates. 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. A non-deliverable option contract is a currency derivatives contract that offers the right, but not the obligation to either purchase or sell a currency against another currency and the contract is settled at the difference between the contracted exchange rate and prevailing spot rate on the expiry date. 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. The amount of contingent liability represents the notional principal of respective forward exchange and derivative contracts.

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, contracts for purchase of investments where settlement is due post balance sheet date, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end and the amount transferred to Depositor Education and Awareness Fund (DEAF).

During earlier years, 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, 2021, 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, 2021, 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, 2021. 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 ₹4,316.00 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.

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

In terms of our report attached.

**For Axis Bank Limited**

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No.: 103523W/W100048

**Rakesh Makhija**  
Chairman

**Purushottam Nyati**

Partner  
Membership No.: 118970

**S. Vishvanathan**

Director

**Girish Paranjpe**

Director

**Amitabh Chaudhry**

Managing Director & CEO

Date : 27 April, 2021

Place: Mumbai

**Girish V. Koliyote**

Company Secretary

**Puneet Sharma**

Chief Financial Officer