

# Independent Auditor's Report

To the Members of Axis Bank Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **Axis Bank Limited** ("the Bank"), which comprise the Balance Sheet as at March 31, 2021, the Profit and Loss Account and the Cash Flow Statement for the year then ended and notes to the standalone financial statements including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2021, its profit and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

### Emphasis of Matter

We draw attention to Note 1.2 of Schedule 18 to the standalone financial statements which explains that the extent to which COVID-19 pandemic will impact the Bank's operations and financial results is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr.No. Key audit matters	How our audit addressed the key audit matter
<p><b>1. Information Technology (IT) Controls Framework</b></p> <p>The Bank has a complex IT architecture to support its day to day business operations. The volume of transactions processed and recorded is huge. Moreover, a transaction may be required to be recorded across multiple applications depending upon the process and each application has different rules and a different set of user access and authority matrix. These applications are interlinked using different technologies so that data transfer happens in real time or at a particular time of the day; in batches or at a transaction level and in an automated manner or manually. The Core Banking Solution (CBS) itself has many interfaces. All these data streams directly affect the financial accounting and reporting process of the Bank.</p>	<p>IT audit specialists are an integral part of our engagement team. Our approach of testing IT General Controls (ITGC) and IT Application Controls (ITAC) is risk based and business centric.</p> <p>As part of our IT controls testing, we have tested ITGC as well as ITAC. The focus of testing of ITGCs was based on the various parameters such as Completeness, Validity, Identification, Authentication Authorization, Integrity and Accountability. On the other hand, focus of testing automated controls from applications was whether the controls prevent or detect unauthorized transactions and support financial objectives including completeness, accuracy, authorization and validity of transactions.</p> <p>We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.</p>

## Standalone Financial Statements

Sr.No. Key audit matters	How our audit addressed the key audit matter
<p>The Bank has a process for identifying the applications where the controls are embedded. It also has a process to ensure that systems, processes and controls remain relevant. The Bank's IT control framework includes automated, semi-automated and manual controls designed to address identified risks. IT controls are stated in Entity Level Controls (ELC), IT General Controls (ITGC) and IT Application Controls (ITAC).</p> <p>We have identified IT Controls Framework as a Key Audit Matter as the Bank's business is highly dependent on technology, the IT environment is complex and the design and operating effectiveness of IT controls have a direct impact on its financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation of financial reports.</p>	<p>In ITGC testing we reviewed, on sample basis, control areas such as User Management, Change Management, Systems Security, Incident Management, Physical &amp; Environmental Security, Backup and Restoration, Business Continuity and Disaster Recovery, Service Level Agreement.</p> <p>For ITAC, we carried out on sample basis, compliance tests of system functionality in order to assess the accuracy of system calculations. We also carried out procedures such as validations and limit checks on data entered into applications, approvals, process dependencies and restriction on time period in which transactions may be recorded.</p> <p>We tested the control environment using various techniques such as inquiry, review of documentation/record/reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our tests.</p> <p>Wherever deviations were noted either the same were explained to our satisfaction or we tested compensating controls and performed alternate procedures, where necessary, to draw comfort.</p>
<p><b>2. Classification, Provisioning and Write off of Advances</b></p> <p><i>(Refer schedule 5, schedule 9, note 5.2 of schedule 17, note 1.2, 2.1.1 and note 2.1.8 of schedule 18 to the standalone financial statements)</i></p> <p>The Bank's portfolio of advances to customers amounts to ₹ 6,23,720.19 crores as at March 31, 2021.</p> <p>As required under Income Recognition, Asset Classification and Provisioning Norms (IRAC norms), guidelines on COVID 19 related Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 issued by the Reserve Bank of India (the "RBI") ('Regulatory Package'), Circulars on Resolution Framework for COVID-19 related stress and restructuring of advances dated August 06, 2020 ('Resolution Framework') and other circulars, notifications and directives issued by the RBI, the Bank classifies advances to performing and non-performing which consists of Standard, Sub-standard, Doubtful and Loss and recognizes appropriate provisions.</p> <p>The Bank, as per its governing framework, made the performing and non-performing advances provisions based on Management's assessment of the degree of impairment of the advances subject to and guided by minimum provisioning levels prescribed under RBI guidelines.</p> <p>The classification, provisioning and write off of advances is a Key Audit Matter as the Bank has significant exposure to a large number of borrowers across various sectors, products, industries and geographies and there is a high degree of complexity, uncertainty and judgment involved in recoverability of advances, nature of transactions, estimation of provisions thereon and identification of accounts to be written off.</p> <p>The same resulted in significant audit efforts to address the risks around loan recoverability, classification and the determination of related provisions and write off.</p>	<p><b>Our audit procedures included, but were not limited to the following:</b></p> <ol style="list-style-type: none"> <li>1. We gained understanding of processes by carrying out walkthrough and tested the key controls identified by us over borrower risk grading for advances (including larger customer exposures that are monitored individually) on classification of such advances as performing or non-performing: <ul style="list-style-type: none"> <li>• Tested on sample basis, the annual review /renewal assessments carried out by the management and controls over the monitoring of credit quality;</li> <li>• Evaluated the design of internal controls relating to borrower wise classification of loan in the respective asset classes viz., standard, sub-standard, doubtful and loss with reference to their days-past-due (DPD) status (including consideration of non-financial parameters of NPA, restructuring guidelines, the Regulatory Package and Resolution framework) and provisioning of advances. Tested the operating effectiveness of these internal controls;</li> <li>• Tested loans on sample basis to form our own assessment as to whether impact of impairment events have been recognised in a timely manner by the Bank;</li> <li>• Made inquiries with management regarding any effects considered on the NPA identification and / or provisioning, resulting from observations raised by the RBI during their annual inspection of the Bank's operations;</li> <li>• For the selected non-performing advances, assessed Management's forecast and inputs on recoverability of cash flows, impact of auditor's comments on the financial statements, valuation of underlying security and collaterals, estimation on recoverability of amount in default and other sources of repayment;</li> <li>• Held specific discussions with the credit and risk departments to ascertain how various Early Warning Signal (EWS) and potential defaults have been identified and assessed in determining the NPA.</li> </ul> </li> <li>2. Performed credit assessments of a sample of corporate and retail loans including larger exposures assessed by the Bank as showing signs of deterioration, or in areas of emerging risk (assessed against external market conditions). We reviewed the Bank's risk grading of the loan, their account statement review and assessment of loan recoverability and the impact on the credit provision. To do this, we used the information on the Borrowers loan file, discussed the case with the concerned officials and senior management, and performed our own assessment of recoverability.</li> </ol>

Sr. No. Key audit matters	How our audit addressed the key audit matter
3.	Reviewed Bank's policy including SOPs with respect to implementation of Regulatory package and Resolution framework ('guidelines') and tested sample to ascertain the implementation of those guidelines by the Bank.
4.	<p>Provisions for advances:</p> <ul style="list-style-type: none"> <li data-bbox="826 437 1474 513">i. Tested the Bank's processes for making provision on advances for compliance with RBI regulations and internally laid down policies for provisioning;</li> <li data-bbox="826 534 1474 611">ii. Tested the completeness and accuracy of data transferred from underlying source systems used for computing collective provision;</li> <li data-bbox="826 631 1474 731">iii. Considered board approved policy and internal laid down policy for higher provision for weak standard advances, advances covered under Resolution Framework, stressed sectors, adopted by the Bank;</li> <li data-bbox="826 752 1474 824">iv. Validated the parameters used to calculate provisions with reference to IRAC norms, internal policies on higher provisions on NPA advances;</li> <li data-bbox="826 845 1474 917">v. Re-performed, on sample basis for retail and Corporate portfolios, the calculation of provisions, to determine the accuracy of the same;</li> <li data-bbox="826 938 1474 1147">vi. With respect to holding provisions as at March 31, 2021 against the potential impact of COVID-19 including provisions held under Resolution Framework, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Bank.</li> </ul>

### Other Information

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements, consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder, provision of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Standalone Financial Statements

In preparing the standalone financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this standalone financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- (1) The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act read with relevant rules issued thereunder.
- (2) As required under Section 143 (3) of the Act and Section 30 (3) of the Banking Regulation Act, 1949, we report that:
  - a. We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
  - b. In our opinion, the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;

- c. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
- d. The financial accounting systems of the Bank are centralized and therefore, accounting returns for the purpose of preparing standalone financial statements are not required to be submitted by the branches; we have visited 135 branches for the purpose of our audit.
- e. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- f. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- g. On the basis of the written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
- h. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate report in "Annexure";
- i. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act;

In our opinion and to the best of our information and according to the explanations given to us, requirements prescribed under Section 197 of the Act is not applicable by virtue of Section 35B (2A) of the Banking Regulation Act, 1949.

- j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Schedule 12 - Contingent Liabilities to the standalone financial statements;
  - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 5 read with note 2.2.16 of schedule 18 to the standalone financial statements in respect of such items as it relates to the Bank;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No.103523W / W100048

**Purushottam Nyati**

Partner  
Membership No. 118970  
UDIN. 21118970AAAADD7419

Place: Mumbai  
Date: April 27, 2021

## Standalone Financial Statements

### ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(h) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of Axis Bank Limited on the standalone financial statements for the year ended March 31, 2021]

### Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Axis Bank Limited ("the Bank") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.

#### Meaning of Internal Financial Controls with reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to the financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

**Purushottam Nyati**

Partner

Membership No. 118970

UDIN. 21118970AAAADD7419

Place: Mumbai

Date: April 27, 2021



## Standalone Financial Statements

# 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	1,009,902,605	843,835,072
Deposits	3	7,073,060,801	6,401,049,373
Borrowings	4	1,428,731,597	1,479,541,330
Other Liabilities and Provisions	5	443,361,706	421,579,030
<b>Total</b>		<b>9,961,184,206</b>	<b>9,151,648,161</b>
<b>Assets</b>			
Cash and Balances with Reserve Bank of India	6	518,085,592	849,592,391
Balances with Banks and Money at Call and Short Notice	7	99,212,618	123,090,412
Investments	8	2,261,196,213	1,567,343,203
Advances	9	6,237,201,879	5,714,241,564
Fixed Assets	10	42,450,264	43,128,970
Other Assets	11	803,037,640	854,251,621
<b>Total</b>		<b>9,961,184,206</b>	<b>9,151,648,161</b>
Contingent Liabilities	12	10,526,588,107	9,229,687,554
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 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

Date : 27 April, 2021  
Place: Mumbai

**S. Vishvanathan**  
Director

**Girish V. Koliyote**  
Company Secretary

**Girish Paranjpe**  
Director

**Puneet Sharma**  
Chief Financial Officer

**For Axis Bank Limited**

**Rakesh Makhija**  
Chairman

**Amitabh Chaudhry**  
Managing Director & CEO



# 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	636,452,910	626,351,574
Other income	14	148,382,032	155,365,607
<b>Total</b>		<b>784,834,942</b>	<b>781,717,181</b>
<b>II Expenditure</b>			
Interest expended	15	344,061,692	374,289,538
Operating expenses	16	183,751,491	173,046,243
Provisions and contingencies	18 (2.1.1)	191,136,753	218,109,246
<b>Total</b>		<b>718,949,936</b>	<b>765,445,027</b>
<b>III Net Profit for the year (I - II)</b>		<b>65,885,006</b>	<b>16,272,154</b>
Balance in Profit & Loss Account brought forward from previous year		261,904,547	243,229,953
<b>IV Amount Available for Appropriation</b>		<b>327,789,553</b>	<b>259,502,107</b>
<b>V Appropriations:</b>			
Transfer to Statutory Reserve		16,471,251	4,068,038
Transfer to Capital Reserve	18 (2.2.1)	8,482,344	3,405,245
Transfer to Reserve Fund	18 (2.2.3)	-	8,502
Transfer to Investment Fluctuation Reserve	18 (2.2.2)	3,260,000	3,280,000
Dividend paid (includes tax on dividend)	18 (2.2.6)	-	2,888,581
<b>Balance in Profit &amp; Loss Account carried forward</b>		<b>299,575,958</b>	<b>245,851,741</b>
<b>Total</b>		<b>327,789,553</b>	<b>259,502,107</b>
<b>VI Earnings per Equity Share</b>	18 (2.2.4)		
(Face value ₹2/- per share)			
Basic (in ₹)		22.15	5.99
Diluted (in ₹)		22.09	5.97
Significant Accounting Policies and Notes to Accounts	17 & 18		

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

In terms of our report attached.

**For 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

# 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>	88,058,457	49,042,266
<b>Adjustments for:</b>		
Depreciation on fixed assets	9,481,530	7,729,508
Depreciation on investments	13,290,824	1,359,912
Amortisation of premium on Held to Maturity investments	5,921,192	3,538,847
Provision for Non Performing Assets (including bad debts)	122,047,721	127,555,268
Provision on standard assets	24,580,779	14,513,249
Provision on unhedged foreign currency exposure	2,155,800	(106,800)
Profit/(loss) on sale of land, buildings and other assets (net)	68,553	44,813
Provision for country risk	(121,721)	121,721
Provision for restructured assets/strategic debt restructuring/sustainable structuring	(136,760)	(154,980)
Provision for other contingencies	7,146,658	42,050,763
Dividend from Subsidiaries	(583,500)	(2,402,561)
	<b>271,909,533</b>	<b>243,292,006</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in investments	(189,684,607)	242,642,832
(Increase)/Decrease in advances	(635,485,404)	(869,492,216)
Increase /(Decrease) in deposits	672,011,428	916,335,964
(Increase)/Decrease in other assets	46,979,953	(257,994,454)
Increase/(Decrease) in other liabilities & provisions	(11,965,037)	49,702,444
Direct taxes paid	(17,939,424)	(28,353,805)
<b>Net cash flow from operating activities</b>	<b>135,826,442</b>	<b>296,132,771</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(9,016,560)	(10,719,744)
(Increase)/Decrease in Held to Maturity investments	(532,699,292)	(89,455,847)
Increase in Investment in Subsidiaries	(67,000)	(67,000)
Proceeds from sale of fixed assets	131,382	169,658
Dividend from Subsidiaries	583,500	2,402,561
<b>Net cash used in investing activities</b>	<b>(541,067,970)</b>	<b>(97,670,372)</b>

(₹ in Thousands)

	Year ended 31-03-2021	Year ended 31-03-2020
<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)	(50,809,733)	(28,216,462)
Proceeds from issue of share capital	484,141	500,066
Proceeds from share premium (net of share issue expenses)	100,911,847	151,784,664
Payment of dividend (including dividend distribution tax)	-	(2,888,581)
<b>Net cash generated from financing activities</b>	<b>50,586,255</b>	<b>101,179,687</b>
Effect of exchange fluctuation translation reserve	(729,320)	994,364
Net increase in cash and cash equivalents	(355,384,593)	300,636,450
Cash and cash equivalents at the beginning of the year	972,682,803	672,046,353
<b>Cash and cash equivalents at the end of the year</b>	<b>617,298,210</b>	<b>972,682,803</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)	518,085,592	849,592,391
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	99,212,618	123,090,412
<b>Cash and cash equivalents at the end of the year</b>	<b>617,298,210</b>	<b>972,682,803</b>
2. Amount of Corporate Social Responsibility related expenses spent during the year in cash ₹85.06 crores (previous year ₹95.61 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

## Standalone Financial Statements

### SCHEDULES FORMING PART OF THE 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
	<b>147,990,536</b>	<b>131,519,285</b>
<b>II. Share Premium Account</b>		
Opening Balance	411,382,037	259,597,373
Additions during the year	101,281,656	152,488,174
Less: Share issue expenses	(369,809)	(703,510)
	<b>512,293,884</b>	<b>411,382,037</b>
<b>III. General Reserve</b>		
Opening Balance	3,543,100	3,543,100
Additions during the year	-	-
	<b>3,543,100</b>	<b>3,543,100</b>
<b>IV. Capital Reserve</b>		
Opening Balance	24,329,134	20,923,889
Additions during the year [Refer Schedule 18 (2.2.1)]	8,482,344	3,405,245
	<b>32,811,478</b>	<b>24,329,134</b>
<b>V. Foreign Currency Translation Reserve [Refer Schedule 17 (5.6)]</b>		
Opening Balance	1,787,213	792,850
Additions during the year	-	994,363
Deductions during the year*	(916,416)	-
	<b>870,797</b>	<b>1,787,213</b>
<b>VI. Reserve Fund</b>		
Opening Balance	89,756	81,254
Additions during the year [Refer Schedule 18 (2.2.3)]*	-	8,502
Deductions during the year [Refer Schedule 18 (2.2.3)]*	(89,756)	-
	<b>-</b>	<b>89,756</b>
<b>VII. Investment Fluctuation Reserve</b>		
Opening Balance	9,280,000	6,000,000
Additions during the year [Refer Schedule 18 (2.2.2)]	3,260,000	3,280,000
	<b>12,540,000</b>	<b>9,280,000</b>
<b>VIII. Balance in Profit &amp; Loss Account brought forward</b>	299,575,958	245,851,741
Adjustments during the year**	276,852	16,052,806
Balance in Profit & Loss Account	299,852,810	261,904,547
<b>Total</b>	<b>1,009,902,605</b>	<b>843,835,072</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 [Refer Schedule 18 (2.2.3)]. 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.

\*\* During the previous year ended 31 March, 2020, the Bank had made a provision amounting to ₹1,605.28 crores towards Land held as non-banking asset has been recognised as part of provisions & contingencies in the profit and loss account with consequential reversal in the reserves and surplus, as advised by RBI. Refer Schedule 18 (2.1.44)

## Schedule 3 - Deposits

		(₹ in Thousands)	
		As at 31-03-2021	As at 31-03-2020
A.	I. Demand Deposits		
	(i) From banks	51,455,112	38,888,253
	(ii) From others	1,081,306,636	862,256,063
	II. Savings Bank Deposits	2,044,725,279	1,735,916,234
	III. Term Deposits		
	(i) From banks	231,595,882	343,218,323
	(ii) From others	3,663,977,892	3,420,770,500
	<b>Total</b>	<b>7,073,060,801</b>	<b>6,401,049,373</b>
B.	I. Deposits of branches in India	7,052,193,269	6,357,696,472
	II. Deposits of branches outside India	20,867,532	43,352,901
	<b>Total</b>	<b>7,073,060,801</b>	<b>6,401,049,373</b>

## 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 #	505,000	650,000
	(iii) Other institutions & agencies **	847,125,567	808,092,100
II.	Borrowings outside India	400,081,030	554,609,230
	<b>Total</b>	<b>1,428,731,597</b>	<b>1,479,541,330</b>
	Secured borrowings included in I & II above	181,518,789	119,035,398

# Borrowings from other banks include Subordinated Debt of ₹15.00 crores (previous year ₹15.00 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 ₹17,490.00 crores (previous year ₹17,490.00 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	33,368,882	31,008,096
IV.	Proposed dividend (includes tax on dividend) [Refer Schedule 17 (5.20) and Schedule 18 (2.2.6)]	-	-
V.	Contingent provision against standard assets [Refer Schedule 18 (2.1.8)]	70,483,054	45,197,371
VI.	Others (including provisions)	269,183,224	308,475,669
	<b>Total</b>	<b>443,361,706</b>	<b>421,579,030</b>

## Standalone Financial Statements

### 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)	126,731,503	79,878,972
II. Balances with Reserve Bank of India		
(i) in Current Account	234,354,089	209,713,419
(ii) in Other Accounts	157,000,000	560,000,000
<b>Total</b>	<b>518,085,592</b>	<b>849,592,391</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	2,792,501	605,423
(b) in Other Deposit Accounts	6,145,903	25,668,577
(ii) Money at Call and Short Notice		
(a) With banks	-	-
(b) With other institutions	-	-
<b>Total</b>	<b>8,938,404</b>	<b>26,274,000</b>
<b>II. Outside India</b>		
(i) in Current Accounts	22,476,883	42,990,128
(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>90,274,214</b>	<b>96,816,412</b>
<b>Grand Total (I+II)</b>	<b>99,212,618</b>	<b>123,090,412</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 **	1,807,028,378	1,219,180,739
(ii) Other approved securities	-	-
(iii) Shares	12,135,320	11,552,354
(iv) Debentures and Bonds	344,353,734	205,529,143
(v) Investment in Subsidiaries/Joint Ventures	18,161,821	18,094,821
(vi) Others (Mutual Fund units, CD/CP, PTC etc.)	34,899,299	59,704,124
<b>Total Investments in India</b>	<b>2,216,578,552</b>	<b>1,514,061,181</b>
<b>II. Investments outside India in -</b>		
(i) Government Securities (including local authorities)	34,872,151	40,634,795
(ii) Subsidiaries and/or joint ventures abroad	4,833,427	4,833,428
(iii) Others (Equity Shares and Bonds)	4,912,083	7,813,799
<b>Total Investments outside India</b>	<b>44,617,661</b>	<b>53,282,022</b>
<b>Grand Total (I+II)</b>	<b>2,261,196,213</b>	<b>1,567,343,203</b>

\*\* 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
A.	(i) Bills purchased and discounted	224,469,726	145,282,883
	(ii) Cash credits, overdrafts and loans repayable on demand	1,621,221,351	1,578,453,784
	(iii) Term loans #	4,391,510,802	3,990,504,897
	<b>Total</b>	<b>6,237,201,879</b>	<b>5,714,241,564</b>
B.	(i) Secured by tangible assets §	4,508,120,295	4,127,706,073
	(ii) Covered by Bank/Government Guarantees §§	61,884,690	17,284,147
	(iii) Unsecured	1,667,196,894	1,569,251,344
	<b>Total</b>	<b>6,237,201,879</b>	<b>5,714,241,564</b>
C.	I. Advances in India		
	(i) Priority Sector	1,841,713,701	1,438,593,307
	(ii) Public Sector	326,809,245	134,270,813
	(iii) Banks	31,309,969	21,809,078
	(iv) Others	3,587,372,463	3,673,182,725
	<b>Total</b>	<b>5,787,205,378</b>	<b>5,267,855,923</b>
	II. Advances Outside India		
	(i) Due from banks	17,482,878	25,828,342
	(ii) Due from others -		
	(a) Bills purchased and discounted	99,079,523	28,288,691
	(b) Syndicated loans	3,106,491	26,001,299
	(c) Others	330,327,609	366,267,309
	<b>Total</b>	<b>449,996,501</b>	<b>446,385,641</b>
	<b>Grand Total (CI+CII)</b>	<b>6,237,201,879</b>	<b>5,714,241,564</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

§§ Includes advances against L/Cs issued by other banks

## Schedule 10 - Fixed Assets

		(₹ in Thousands)	
		As at 31-03-2021	As at 31-03-2020
<b>I.</b>	<b>Premises</b>		
	<b>Gross Block</b>		
	At cost at the beginning of the year	18,377,019	17,917,015
	Additions during the year	-	460,004
	Deductions during the year	-	-
	<b>Total</b>	<b>18,377,019</b>	<b>18,377,019</b>
	<b>Depreciation</b>		
	As at the beginning of the year	1,916,837	1,640,399
	Charge for the year	278,288	276,438
	Deductions during the year	-	-
	<b>Depreciation to date</b>	<b>2,195,125</b>	<b>1,916,837</b>
	<b>Net Block</b>	<b>16,181,894</b>	<b>16,460,182</b>



## Standalone Financial Statements

	(₹ in Thousands)	
	As at 31-03-2021	As at 31-03-2020
<b>II. Other fixed assets (including furniture &amp; fixtures)</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	67,624,322	60,352,942
Additions during the year*	12,662,609	8,243,588
Deductions during the year	(781,573)	(972,208)
<b>Total</b>	<b>79,505,358</b>	<b>67,624,322</b>
<b>Depreciation</b>		
As at the beginning of the year	45,698,604	38,990,122
Charge for the year	9,203,242	7,453,067
Deductions during the year	(567,836)	(744,585)
<b>Depreciation to date</b>	<b>54,334,010</b>	<b>45,698,604</b>
<b>Net Block</b>	<b>25,171,348</b>	<b>21,925,718</b>
<b>III. Capital Work-in-Progress (including capital advances)</b>	<b>1,097,022</b>	<b>4,743,070</b>
<b>Grand Total (I+II+III)</b>	<b>42,450,264</b>	<b>43,128,970</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	80,915,330	71,528,813
III. Tax paid in advance/tax deducted at source (net of provisions)	8,401,306	15,353,273
IV. Stationery and stamps	4,647	1,056
V. Non banking assets acquired in satisfaction of claims <sup>5</sup>	-	-
VI. Others # <sup>@</sup>	713,716,357	767,368,479
<b>Total</b>	<b>803,037,640</b>	<b>854,251,621</b>

# Includes deferred tax assets of ₹7,519.77 crores (previous year ₹7,254.97 crores) [Refer Schedule 18 (2.2.11)]

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

<sup>5</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 Bank not acknowledged as debts	20,538,600	19,573,227
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	3,354,176,124	3,015,972,169
c) Foreign Currency Options	365,043,226	451,140,999
<b>Total (a+b+c)</b>	<b>8,820,398,126</b>	<b>8,026,900,545</b>
IV. Guarantees given on behalf of constituents		
In India	729,652,492	664,796,899
Outside India	78,656,250	74,340,067
V. Acceptances, endorsements and other obligations	378,058,439	251,649,846
VI. Other items for which the Bank is contingently liable	497,636,600	191,039,270
<b>Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.2.16)]</b>	<b>10,526,588,107</b>	<b>9,229,687,554</b>

**SCHEDULES FORMING PART OF THE PROFIT AND 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	479,188,589	483,029,726
II. Income on investments	125,582,106	112,460,254
III. Interest on balances with Reserve Bank of India and other inter-bank funds	10,378,843	10,952,634
IV. Others	21,303,372	19,908,960
<b>Total</b>	<b>636,452,910</b>	<b>626,351,574</b>

**Schedule 14 - Other Income**

	(₹ in Thousands)	
	Year ended 31-03-2021	Year ended 31-03-2020
I. Commission, exchange and brokerage	93,589,106	96,919,415
II. Profit/(Loss) on sale of investments (net) [Refer Schedule 18(2.2.1)]	23,023,296	21,723,011
III. Profit/(loss) on sale of land, buildings and other assets (net)*	(68,551)	(44,813)
IV. Profit on exchange/derivative transactions (net)	15,780,620	15,744,570
V. Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	583,500	2,402,561
VI. Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years ₹1,245.52 crores (previous year ₹1,552.99 crores) and net profit on account of portfolio sell downs/ securitisation ₹12.29 crores (previous year net profit of ₹25.50 crores)]	15,474,061	18,620,863
<b>Total</b>	<b>148,382,032</b>	<b>155,365,607</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	268,432,477	293,690,561
II. Interest on Reserve Bank of India/Inter-bank borrowings	14,827,106	19,988,994
III. Others	60,802,109	60,609,983
<b>Total</b>	<b>344,061,692</b>	<b>374,289,538</b>

**Schedule 16 - Operating Expenses**

	(₹ in Thousands)	
	Year ended 31-03-2021	Year ended 31-03-2020
I. Payments to and provisions for employees	61,640,139	53,210,007
II. Rent, taxes and lighting	11,682,655	11,361,948
III. Printing and stationery	1,693,339	1,629,184
IV. Advertisement and publicity	813,136	1,125,564
V. Depreciation on bank's property	9,481,530	7,729,508
VI. Directors' fees, allowance and expenses	24,929	20,709
VII. Auditors' fees and expenses	21,097	19,207
VIII. Law charges	1,243,809	1,236,169
IX. Postage, telegrams, telephones etc.	3,004,494	2,739,490
X. Repairs and maintenance	11,937,024	11,429,098
XI. Insurance	9,994,257	7,510,955
XII. Other expenditure	72,215,082	75,034,404
<b>Total</b>	<b>183,751,491</b>	<b>173,046,243</b>

## Standalone Financial Statements

### 17 SIGNIFICANT ACCOUNTING POLICIES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

#### 1. Background

Axis Bank Limited ('the Bank') was incorporated in 1993 and provides a complete suite of banking and financial services including retail banking, wholesale banking and treasury operations. The Bank is primarily governed by the Banking Regulation Act, 1949. 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.

#### 2. Basis of preparation

The standalone financial statements ('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.

#### 3. Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) at the date of the financial statements, revenues and expenses during the reporting period. Actual results could differ from those estimates. The Management believes that the estimates 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. Changes 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

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

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 falling under the residual category of 'Others' (i.e. mutual funds, PTCs, security receipts etc.) is not offset against gain in another class of investment falling within the 'Others' category. Further, in case of standard investments classified as weak (including certain internally 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.

## Standalone Financial Statements

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.

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 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 of 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.

## 5.2 Advances

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

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

The Bank recognises additional provisions as per the 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.



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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 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.

### 5.3 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). 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

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

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

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

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

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.
- Income and expenses are translated at the rates prevailing on the date of the transactions.
- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' (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

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 contracts, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contracts 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.

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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

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 instruments is recognised over the tenor of the instrument on a constant yield basis.

Commission on guarantees and LCs is recognized 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.

### 5.9 Fixed assets and depreciation/impairment

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

Asset	Estimated useful life
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
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, 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.

#### 5.10 Non-banking assets

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.

#### 5.11 Lease transactions

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

#### 5.12 Retirement and other employee benefits

##### Provident Fund

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

##### Gratuity

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity

## Standalone Financial Statements

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.

### Superannuation

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan, the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lump sum 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')

In respect of employees who opt for contribution to the 'NPS', the Bank 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.

### 5.13 Reward points

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

### 5.14 Taxation

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income tax Act, 1961 and considering the material principle set out in Income Computation and Disclosure Standards to the extent applicable. 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.

### 5.15 Share issue expenses

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

### 5.16 Corporate Social Responsibility

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

### 5.17 Earnings per share

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

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

#### 5.18 Employee stock option scheme

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have been repealed in the month of October, 2014 and were substituted by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme is in compliance with the said regulations. The Bank follows 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.

#### 5.19 Provisions, contingent liabilities and contingent assets

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

A disclosure of contingent liability is made when there is:

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

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

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

#### 5.20 Accounting for dividend

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 Bank 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.

#### 5.21 Cash and cash equivalents

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

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### 18 NOTES FORMING PART OF THE 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' issued on 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 Statutory disclosures as per RBI

- 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	2,489.14	2,891.25
- Deferred tax <sup>1</sup> (Refer 2.2.11)	(271.79)	385.76
	<b>2,217.35</b>	<b>3,277.01</b>
Provision for non-performing assets (including bad debts written off and write backs)	12,204.77	12,755.53
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>	2,458.08	1,451.32
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>	215.67	4,205.08
<b>Total</b>	<b>19,113.68</b>	<b>21,810.92</b>

1. During the previous year ended 31 March, 2020, the Bank 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. The restatement resulted in a write down of ₹2,137.59 crores which has been fully charged to the Profit and Loss account during the previous year

2. 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)

3. 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 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

	(₹ in crores)	
	31 March, 2021	31 March, 2020
Common Equity Tier I	97,896.45	81,449.04
Tier I	104,748.33	88,449.04
Tier II	16,829.03	18,556.08
<b>Total capital</b>	<b>121,577.36</b>	<b>107,005.12</b>
Total risk weighted assets and contingents	635,863.43	610,527.33
Capital ratios		
Common Equity Tier I	15.40%	13.34%
Tier I	16.47%	14.49%
Tier II	2.65%	3.04%
<b>CRAR</b>	<b>19.12%</b>	<b>17.53%</b>
<b>Amount of equity capital raised</b>	47.61*	48.82*
<b>Amount of additional Tier I capital raised of which:</b>		
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI) (details given below)	-	-
<b>Amount of Tier II capital raised of which:</b>		
Debt capital instrument (details given below)	-	-
Preferential capital instrument	-	-

\*excluding securities premium of ₹9,952.39 crores (previous year ₹15,013.88 crores)

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 The key business ratios and other information is set out below:

As at	31 March, 2021	31 March, 2020
	%	%
Interest income as a percentage to working funds <sup>#</sup>	6.78	7.56
Non-interest income as a percentage to working funds <sup>#</sup>	1.58	1.87
Operating profit <sup>\$\$</sup> as a percentage to working funds <sup>#</sup>	2.74	2.83
Return on assets (based on working funds <sup>#</sup> )	0.70	0.20
Business (deposits less inter-bank deposits plus advances) per employee <sup>**</sup>	₹17.13 crores	₹17.27 crores
Profit per employee <sup>**</sup>	₹8.66 lacs	₹2.40 lacs
Net non-performing assets as a percentage of net customer assets <sup>*</sup>	1.05	1.56

<sup>#</sup> Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year

<sup>\$\$</sup> Operating profit represents total income as reduced by interest expended and operating expenses

<sup>\*\*</sup> Productivity ratios are based on average employee numbers for the year

<sup>\*</sup> Net Customer assets include advances and credit substitutes



## Standalone Financial Statements

2.1.4 The provisioning coverage ratio including prudential write offs of the Bank computed in terms of the RBI guidelines as on 31 March, 2021 was 87.77% (previous year 82.69%).

### 2.1.5 Asset Quality

i) Net non-performing advances to net advances is set out below:

	31 March, 2021 %	31 March, 2020 %
Net non-performing advances as a percentage of net advances	1.06	1.62

ii) Movement in gross non-performing assets is set out below:

(₹ in crores)

	31 March, 2021		
	Advances	Investments	Total
Gross NPAs as at the beginning of the year	26,604.10	3,629.72	30,233.82
Intra Category Transfer	(168.08)	168.08	-
Additions (fresh NPAs) during the year	16,278.07	968.53	17,246.60
<b>Sub-total (A)</b>	<b>42,714.09</b>	<b>4,766.33</b>	<b>47,480.42</b>
Less:-			
(i) Upgradations	5,077.24	187.53	5,264.77
(ii) Recoveries (excluding recoveries made from upgraded accounts)#	2,938.13	56.54	2,994.67
(iii) Technical/Prudential Write-offs	8,466.76	1,563.77	10,030.53
(iv) Write-offs other than those under (iii) above	3,550.27	325.34	3,875.61
<b>Sub-total (B)</b>	<b>20,032.40</b>	<b>2,133.18</b>	<b>22,165.58</b>
<b>Gross NPAs as at the end of the year (A-B)</b>	<b>22,681.69</b>	<b>2,633.15</b>	<b>25,314.84</b>

# including sale of NPAs

(₹ in crores)

	31 March, 2020		
	Advances	Investments	Total
Gross NPAs as at the beginning of the year	27,146.45	2,642.99	29,789.44
Intra Category Transfer	-	-	-
Additions (fresh NPAs) during the year	17,350.64	2,564.37	19,915.01
<b>Sub-total (A)</b>	<b>44,497.09</b>	<b>5,207.36</b>	<b>49,704.45</b>
Less:-			
(i) Upgradations	6,411.62	174.52	6,586.14
(ii) Recoveries (excluding recoveries made from upgraded accounts)#	2,462.83	252.39	2,715.22
(iii) Technical/Prudential Write-offs	7,503.38	206.49	7,709.87
(iv) Write-offs other than those under (iii) above#	1,515.16	944.24	2,459.40
<b>Sub-total (B)</b>	<b>17,892.99</b>	<b>1,577.64</b>	<b>19,470.63</b>
<b>Gross NPAs as at the end of the year (A-B)</b>	<b>26,604.10</b>	<b>3,629.72</b>	<b>30,233.82</b>

# including sale of NPAs

iii) Movement in net non-performing assets is set out below:

(₹ in crores)

	31 March, 2021		
	Advances	Investments	Total
Opening balance at the beginning of the year	9,251.99	108.42	9,360.41
Additions during the year	5,362.07	580.80	5,942.87
Effect of exchange rate fluctuation	125.24	(15.92)	109.32
Reductions during the year	(8,139.20)	(218.27)	(8,357.47)
Interest Capitalisation – Restructured NPA Accounts	(15.51)	(46.10)	(61.61)
<b>Closing balance at the end of the year#</b>	<b>6,584.59</b>	<b>408.93</b>	<b>6,993.52</b>

# net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹132.34 crores

(₹ in crores)

	31 March, 2020		
	Advances	Investments	Total
Opening balance at the beginning of the year	10,874.76	400.84	11,275.60
Additions during the year	7,418.38	246.62	7,665.00
Effect of exchange rate fluctuation	(236.26)	8.84	(227.42)
Reductions during the year	(8,785.05)	(660.04)	(9,445.09)
Interest Capitalisation – Restructured NPA Accounts	(19.84)	112.16	92.32
<b>Closing balance at the end of the year<sup>#</sup></b>	<b>9,251.99</b>	<b>108.42</b>	<b>9,360.41</b>

# net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹70.73 crores

iv) Movement in provisions for non-performing assets is set out below:

(₹ in crores)

	31 March, 2021		
	Advances	Investments	Total
Opening balance at the beginning of the year	17,313.75	3,488.93	20,802.68
Intra-Category Transfer	(168.08)	168.08	-
Provisions made during the year	10,916.00	387.73	11,303.73
Effect of exchange rate fluctuation	(125.24)	15.92	(109.32)
Transfer from restructuring provision	-	-	-
Write-offs/(write back) of excess provision*	(11,893.20)	(1,914.91)	(13,808.11)
<b>Closing balance at the end of the year</b>	<b>16,043.23</b>	<b>2,145.75</b>	<b>18,188.98</b>

\* includes provision utilised for sale of NPAs amounting to ₹1,253.37 crores

(₹ in crores)

	31 March, 2020		
	Advances	Investments	Total
Opening balance at the beginning of the year	16,253.17	2,097.62	18,350.79
Intra-Category Transfer	-	-	-
Provisions made during the year	9,926.33	2,317.75	12,244.08
Effect of exchange rate fluctuation	236.26	(8.84)	227.42
Transfer from restructuring provision	5.93	-	5.93
Write-offs/(write back) of excess provision*	(9,107.94)	(917.60)	(10,025.54)
<b>Closing balance at the end of the year</b>	<b>17,313.75</b>	<b>3,488.93</b>	<b>20,802.68</b>

\* includes provision utilised for sale of NPAs amounting to ₹408.93 crores

v) Movement in technical/prudential written off accounts is set out below:

(₹ in crores)

	31 March, 2021	31 March, 2020
Opening balance at the beginning of the year	23,844.07	18,771.85
Add: Technical/Prudential write-offs during the year	10,030.53	7,709.87
Add: Effect of exchange rate fluctuation	(145.51)	416.42
<b>Sub-total (A)</b>	<b>33,729.09</b>	<b>26,898.14</b>
Less: Recovery made from previously technical/prudential written-off accounts during the year	1,033.49	1,384.03
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	839.68*	1,670.04
<b>Sub-total (B)</b>	<b>1,873.17</b>	<b>3,054.07</b>
<b>Closing balance at the end of the year (A-B)</b>	<b>31,855.92</b>	<b>23,844.07</b>

\* includes continuing debt of ₹83 crores in 1 account upgraded on account of implementation of resolution plan (change in ownership)

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vi) Total exposure (funded and non-funded) to top four non-performing assets is given below:

(₹ in crores)

	31 March, 2021	31 March, 2020
Total exposure (funded and non-funded) to top four NPA accounts	3,009.35	4,060.55

vii) Sector-wise advances:

(₹ in crores)

Sr. Sector No.	31 March, 2021			31 March, 2020		
	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
<b>A Priority Sector</b>						
<b>1 Agriculture and allied activities</b>	<b>44,334.56</b>	<b>1,848.23</b>	<b>4.17%</b>	<b>32,454.55</b>	<b>1,575.93</b>	<b>4.86%</b>
<b>2 Advances to industries sector eligible as priority sector lending</b>	<b>47,051.88</b>	<b>1,517.01</b>	<b>3.22%</b>	<b>27,953.55</b>	<b>1,237.85</b>	<b>4.43%</b>
-Chemical & Chemical products	5,264.74	47.60	0.90%	2,306.23	62.74	2.72%
-Basic Metal & Metal Products	4,385.70	105.34	2.40%	2,346.61	56.34	2.40%
-Infrastructure	1,643.23	60.02	3.65%	561.94	41.55	7.39%
<b>3 Services</b>	<b>35,766.13</b>	<b>1,184.42</b>	<b>3.31%</b>	<b>21,240.75</b>	<b>874.42</b>	<b>4.12%</b>
-Banking and Finance other than NBFCs and MFs	3,600.62	11.56	0.32%	1,617.28	13.46	0.83%
-Non-banking financial companies (NBFCs)	2,794.70	1.28	0.05%	371.68	-	-
-Commercial Real Estate	2,773.90	66.43	2.39%	270.22	15.54	5.75%
-Trade	13,465.12	868.12	6.45%	11,074.55	718.76	6.49%
<b>4 Personal loans</b>	<b>59,936.15</b>	<b>1,021.24</b>	<b>1.70%</b>	<b>64,190.85</b>	<b>525.20</b>	<b>0.82%</b>
-Housing*	41,718.68	520.05	1.25%	45,987.55	272.12	0.59%
-Vehicle Loans	11,540.02	401.57	3.48%	11,654.72	211.28	1.81%
<b>Sub-total (A)</b>	<b>187,088.72</b>	<b>5,570.90</b>	<b>2.98%</b>	<b>145,839.70</b>	<b>4,213.40</b>	<b>2.89%</b>
<b>B Non Priority Sector</b>						
<b>1 Agriculture and allied activities</b>	<b>972.47</b>	<b>14.00</b>	<b>1.44%</b>	<b>166.08</b>	<b>18.19</b>	<b>10.95%</b>
<b>2 Industry</b>	<b>146,128.03</b>	<b>10,779.02</b>	<b>7.38%</b>	<b>163,800.40</b>	<b>16,248.24</b>	<b>9.92%</b>
-Chemical & Chemical products	15,956.54	1,237.66	7.76%	19,451.17	1,264.78	6.50%
-Basic Metal & Metal Products	15,376.76	76.37	0.50%	21,677.64	969.21	4.47%
-Infrastructure	55,773.46	3,424.25	6.14%	53,712.35	7,514.69	13.99%
<b>3 Services</b>	<b>97,425.54</b>	<b>3,340.18</b>	<b>3.43%</b>	<b>95,904.00</b>	<b>4,923.83</b>	<b>5.13%</b>
-Banking and Finance other than NBFCs and MFs	32,547.37	97.30	0.30%	27,135.89	316.51	1.17%
-Non-banking financial companies (NBFCs)	17,635.72	-	-	16,502.49	182.31	1.10%
-Commercial Real Estate	16,939.14	1,482.43	8.75%	17,279.94	1,698.52	9.83%
-Trade	13,595.76	719.67	5.29%	13,641.42	795.41	5.83%
<b>4 Personal loans</b>	<b>208,210.29</b>	<b>2,977.59</b>	<b>1.43%</b>	<b>183,087.52</b>	<b>1,200.44</b>	<b>0.66%</b>
-Housing*	111,490.55	1,452.06	1.30%	87,433.64	701.70	0.80%
-Vehicle Loans	23,005.70	485.70	2.11%	20,234.86	186.58	0.92%
<b>Sub-total (B)</b>	<b>452,736.33</b>	<b>17,110.79</b>	<b>3.78%</b>	<b>442,958.00</b>	<b>22,390.70</b>	<b>5.05%</b>
<b>Total (A+B)</b>	<b>639,825.05</b>	<b>22,681.69</b>	<b>3.54%</b>	<b>588,797.70</b>	<b>26,604.10</b>	<b>4.52%</b>

\* includes loan against property

Classification of advances into sector is based on Sector wise Industry Bank Credit return submitted to RBI

Figures in italics represent sub-sectors where the outstanding advance exceeds 10% of total outstanding advance to that sector.

## viii) 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 for the year ended 31 March, 2020 and 31 March, 2019.

## ix) Disclosure with regard to accounts where moratorium has been granted under COVID-19 Regulatory Package

	(₹ in crores)	
	31 March, 2021	31 March, 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended* <sup>§</sup>	31,751.42	11,177.22
Respective amount where asset classification benefit is extended (net of NPAs)* <sup>®</sup>	6,264.23	735.10
Provisions made as of the year end <sup>#</sup>	3,130.18	1,117.72
Provisions adjusted against slippages (NPA & restructuring)	-	-
Residual provisions held as of the year end	3,130.18	1,117.72

\* represents outstanding balance of accounts as on 31 March

<sup>§</sup> amounts covered relate to cases where asset classification benefit would have been availed over moratorium period

<sup>®</sup> determined based on position as at the end of moratorium period

<sup>#</sup> Total provision held for COVID-19 as on 31 March, 2021 amounts to ₹5,012 crores, of which ₹1,882 crores represents prudent provision over and above regulatory requirement and balance ₹3,130 crores is provision for loans under moratorium

## x) Proforma disclosure in respect of asset classification and provisioning in the account of Delhi Airport Metro Express Private Limited:

	(₹ in crores)	
For the year ended	31 March, 2021	31 March, 2020
Amount outstanding not treated as NPA per IRAC norms on account of Supreme Court order (Principal outstanding)	166.10	166.10
Provision required to be made as per IRAC norms	66.45	24.91
Provision actually held	66.45	24.91

2.1.6 During the years ended 31 March, 2021 and 31 March, 2020 none of the loans and advances held at overseas branches of the Bank have been classified as NPA by any host banking regulator for reasons other than record of recovery.

2.1.7 Movement in floating provision is set out below:

	(₹ in crores)	
For the year ended	31 March, 2021	31 March, 2020
Opening balance at the beginning of the year	3.25	3.25
Provisions made during the year	-	-
Draw down made during the year	-	-
<b>Closing balance at the end of the year</b>	<b>3.25</b>	<b>3.25</b>

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### 2.1.8 Provision on Standard Assets

(₹ in crores)

	31 March, 2021	31 March, 2020
Provision towards Standard Assets [includes provision on loans under moratorium as per RBI guidelines on COVID-19 regulatory package of ₹3,130.18 crores (previous year ₹1,117.72 crores); also includes ₹45.92 crores (previous year ₹68.30 crores) of standard provision on derivative exposures]	7,048.31	4,519.74

### 2.1.9 Details of Investments are set out below:

#### i) Value of Investments:

(₹ in crores)

	31 March, 2021	31 March, 2020
1) Gross value of Investments		
a) In India	225,524.45	155,333.07
b) Outside India	4,695.52	5,539.37
2) (i) Provision for Depreciation		
a) In India	(1,954.35)	(642.44)
b) Outside India	(0.25)	(6.76)
(ii) Provision for Non-Performing Investments		
a) In India	(1,912.25)	(3,284.52)
b) Outside India	(233.50)	(204.41)
3) Net value of Investments		
a) In India	221,657.85	151,406.12
b) Outside India	4,461.77	5,328.20

#### ii) Movement of provisions held towards depreciation on investments:

(₹ in crores)

	31 March, 2021	31 March, 2020
Opening balance	649.20	560.31
Add: Provisions made during the year*	1,349.89	185.90
Less: Write offs/write back of excess provisions during the year	(44.49)	(97.01)
<b>Closing balance</b>	<b>1,954.60</b>	<b>649.20</b>

\*including transfer from interest capitalization account

#### iii) Details of category wise investments are set out below:

(₹ in crores)

Particulars	31 March, 2021				31 March, 2020			
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
Government Securities	147,189.33	32,928.83	4,071.90	184,190.06	111,999.63	11,159.20	2,822.72	125,981.55
Other approved Securities	-	-	-	-	-	-	-	-
Shares	-	1,235.71	-	1,235.71	-	1,186.24	-	1,186.24
Debentures and Bonds	18,074.00	14,109.42	2,720.98	34,904.40	591.42	17,805.40	2,906.47	21,303.29
Subsidiary/Joint Ventures	2,299.52	-	-	2,299.52	2,292.82	-	-	2,292.82
Others	0.42	3,489.51	-	3,489.93	1.60	5,893.90	74.92	5,970.42
<b>Total</b>	<b>167,563.27</b>	<b>51,763.47</b>	<b>6,792.88</b>	<b>226,119.62</b>	<b>114,885.47</b>	<b>36,044.74</b>	<b>5,804.11</b>	<b>156,734.32</b>

2.1.10 A summary of lending to sensitive sectors is set out below:

As at	31 March, 2021	31 March, 2020
(₹ in crores)		
<b>A. Exposure to Real Estate Sector</b>		
1) Direct Exposure		
(i) Residential mortgages	155,019.96	134,268.89
- of which housing loans eligible for inclusion in priority sector advances	40,873.87	41,706.24
(ii) Commercial real estate	26,991.01	26,155.61
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	-	-
b. Commercial real estate	-	-
2) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	24,996.48	20,093.82
<b>Total Exposure to Real Estate Sector</b>	<b>207,007.45</b>	<b>180,518.32</b>
<b>B. Exposure to Capital Market</b>		
1. Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt*	2,145.24	2,003.55
2. Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	2.88	3.20
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	1,812.14	1,554.52
4. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	1,101.69	242.45
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	7,991.64	6,208.70
6. Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
7. Bridge loans to companies against expected equity flows/issues	-	-
8. Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	-	-
9. Financing to stock brokers for margin trading	-	-
10. All exposures to Venture Capital Funds (both registered and unregistered) including capital contribution to LLP	287.94	161.43
<b>Total exposure to Capital Market (Total of 1 to 10)</b>	<b>13,341.53</b>	<b>10,173.85</b>

\* excludes investment in equity shares on account of conversion of debt into equity as part of restructuring amounting to ₹762.36 crores as on 31 March, 2021 (previous year ₹991.59 crores) which are exempted from exposure to Capital Market

2.1.11 As on 31 March, 2021, outstanding receivables acquired by the Bank under factoring stood at ₹525.37 crores (previous year ₹591.17 crores) which are reported under 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet.

2.1.12 During the years ended 31 March, 2021 and 31 March, 2020 there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. have been taken as collateral by the Bank.

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2.1.13 Details of Non-SLR investment portfolio are set out below:

i) Issuer composition as at 31 March, 2021 of non-SLR investments\*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	2,638.15	2,138.61	153.60	-	50.00
ii.	Financial Institutions	4,910.31	4,517.96	77.18	-	-
iii.	Banks	1,904.92	607.12	-	-	-
iv.	Private Corporates	29,299.31	19,528.67	1,504.36	785.03	4,358.30
v.	Subsidiaries	2,299.52	2,299.52	-	-	2,299.52
vi.	Others	8,447.34	4,960.13	-	-	5,107.27
vii.	Provision held towards depreciation on investments	(1,937.02)	N.A.	N.A.	N.A.	N.A.
viii.	Provision held towards non performing investments	(2,145.75)	N.A.	N.A.	N.A.	N.A.
<b>Total</b>		<b>45,416.78</b>	<b>34,052.01</b>	<b>1,735.14</b>	<b>785.03</b>	<b>11,815.09</b>

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

Issuer composition as at 31 March, 2020 of non-SLR investments\*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	6,300.05	4,735.07	154.70	-	13.62
ii.	Financial Institutions	2,002.19	1,402.80	77.24	-	-
iii.	Banks	1,089.35	981.04	-	-	88.91
iv.	Private Corporates	16,874.54	13,222.36	2,067.37	601.14	5,034.88
v.	Subsidiaries	2,292.82	2,292.82	-	-	2,292.82
vi.	Others	10,395.43	6,441.03	-	-	6,597.07
vii.	Provision held towards depreciation on investments	(649.20)	N.A.	N.A.	N.A.	N.A.
viii.	Provision held towards non performing investments	(3,488.93)	N.A.	N.A.	N.A.	N.A.
<b>Total</b>		<b>34,816.25</b>	<b>29,075.12</b>	<b>2,299.31</b>	<b>601.14</b>	<b>14,027.30</b>

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

\* excludes investments in non-SLR government securities amounting to ₹5,000.00 (previous year ₹5,000.00)

ii) Movement in non-performing non SLR investments are set out below:

(₹ in crores)

	31 March, 2021	31 March, 2020
Opening balance	3,629.72	2,642.99
Additions during the year	1,136.61	2,564.37
Reductions during the year	(2,133.18)	(1,577.64)
<b>Closing balance</b>	<b>2,633.15</b>	<b>3,629.72</b>
Total provisions held	2,145.75	3,488.93



2.1.14 Details of securities sold/purchased (in face value terms) under repos/reverse repos including LAF and MSF transactions (including Triparty repos and repos under Targeted Long Term Repo Operations):

Year ended 31 March, 2021

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2021
<b>Securities sold under repos</b>				
i. Government Securities	11,269.61	27,338.32	18,356.12	17,364.93
ii. Corporate debt Securities	57.86	368.95	163.85	58.49
<b>Securities purchased under reverse repos</b>				
i. Government Securities	452.91	60,530.30	23,192.24	14,103.53
ii. Corporate debt Securities	-	-	-	-

There have been no defaults in making the same set of securities available at the time of 2<sup>nd</sup> leg settlement of the Term Reverse Repo during the year ended 31 March, 2021.

Year ended 31 March, 2020

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2020
<b>Securities sold under repos</b>				
i. Government Securities	-	14,761.55	1,386.37	11,269.61
ii. Corporate debt Securities	-	2,261.12	732.34	363.19
<b>Securities purchased under reverse repos</b>				
i. Government Securities	342.65	56,973.93	14,186.14	52,656.69
ii. Corporate debt Securities	-	25.00	0.07	-

There have been no defaults in making the same set of securities available at the time of 2<sup>nd</sup> leg settlement of the Term Reverse Repo during the year ended 31 March, 2020.

2.1.15 Details of financial assets sold to Securitisation/Reconstruction companies for Asset Reconstruction:

(₹ in crores)

	31 March, 2021	31 March, 2020
Number of accounts*	5	3
Aggregate value (net of provisions) of accounts sold	96.19	7.92
Aggregate consideration	469.25	28.80
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate net gain/(loss) over net book value	373.06	20.88

\* Excluding sale of 4 prudentially written off accounts (previous year 1 account)

Excess provision reversed to the profit and loss account from sale of NPAs amounts to ₹391.76 crores (previous year ₹20.88 crores)

(₹ in crores)

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying		Total	
	As on 31 March, 2021	As on 31 March, 2020	As on 31 March, 2021	As on 31 March, 2020	As on 31 March, 2021	As on 31 March, 2020
Book value of investments in Security Receipts ('SRs')	1,679.49	2,197.31	1.93	2.26	1,681.42	2,199.57

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(₹ in crores)

Particulars	As on 31 March, 2021			
	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total
(i) Book value of SRs backed by NPAs sold by the bank as underlying	1,328.62	350.54	0.33	1,679.49
Provisions held against (i)	(1,328.62)	(350.54)	(0.33)	(1,679.49)
(ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	1.27	0.66	1.93
Provisions held against (ii)	-	(1.27)	(0.66)	(1.93)
<b>Total (i) + (ii), net of provisions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(₹ in crores)

Particulars	As at March 31, 2020			
	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total
(i) Book value of SRs backed by NPAs sold by the bank as underlying	1,953.26	243.72	0.33	2,197.31
Provisions held against (i)*	(183.20)	(241.52)	(0.33)	(425.05)
(ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	0.22	1.38	0.66	2.26
Provisions held against (ii)*	-	(0.29)	(0.66)	(0.95)
<b>Total (i) + (ii), net of provisions</b>	<b>1,770.28</b>	<b>3.29</b>	<b>-</b>	<b>1,773.57</b>

\* represents provision for depreciation on SRs and is net off appreciation, if any against other SRs

### 2.1.16 Details of the Non-Performing Financial Assets sold to other banks (excluding securitisation/reconstruction companies):

(₹ in crores)

	31 March, 2021	31 March, 2020
Number of accounts sold	-	1
Aggregate outstanding*	-	616.93
Aggregate consideration received	-	170.55

\* Represents principal outstanding as on date of sale

During the years ended 31 March, 2021 and 31 March, 2020 there were no Non-Performing Financial Assets purchased by the Bank from other banks (excluding securitisation/reconstruction companies).

## 2.1.17 Details of securitisation transactions undertaken by the Bank are as follows:

(₹ in crores)

Sr. No.	Particulars	31 March, 2021	31 March, 2020
1	No. of SPVs sponsored by the bank for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the Bank	-	-
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisation		
	First loss	-	-
	Loss	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisation		
	First loss	-	-
	Loss	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

## 2.1.18 The information on concentration of deposits is given below:

(₹ in crores)

	31 March, 2021	31 March, 2020
Total deposits of twenty largest depositors	55,593.71	58,674.60
Percentage of deposits of twenty largest depositors to total deposits	7.86	9.17

## 2.1.19 The information on concentration of advances\* is given below:

(₹ in crores)

	31 March, 2021	31 March, 2020
Total advances to twenty largest borrowers	105,708.42	74,849.03
Percentage of advances to twenty largest borrowers to total advances of the Bank	10.05	8.65

\* Advances represent credit exposure (funded and non-funded) including derivative exposure as defined by RBI

## 2.1.20 The information on concentration of exposure\* is given below:

(₹ in crores)

	31 March, 2021	31 March, 2020
Total exposure to twenty largest borrowers/customers	130,160.38	92,264.51
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	11.69	10.08

\* Exposure includes credit exposure (funded and non-funded), derivative exposure, investment exposure (including underwriting and similar commitments) and deposits placed for meeting shortfall in Priority Sector Lending

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2.1.21 During the year ended 31 March, 2021, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

During the year ended 31 March, 2020, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

2.1.22 Details of Risk Category wise Country Exposure:

(₹ in crores)

Risk Category	Exposure (Net) as at 31 March, 2021	Provision Held as at 31 March, 2021	Exposure (Net) as at 31 March, 2020	Provision Held as at 31 March, 2020
Insignificant	-	-	-	-
Low	21,139.88	-	19,223.10	12.17
Moderate	3,885.55	-	5,304.97	-
High	1,224.78	-	95.91	-
Very High	1,878.98	-	1,219.26	-
Restricted	0.67	-	1.69	-
Off-Credit	-	-	-	-
<b>Total</b>	<b>28,129.86</b>	<b>-</b>	<b>25,844.93</b>	<b>12.17</b>

2.1.23 A maturity pattern of certain items of assets and liabilities at 31 March, 2021 and 31 March, 2020 is set out below:

As at 31 March, 2021

(₹ in crores)

	Deposits <sup>1</sup>	Advances <sup>1,2</sup>	Investments <sup>1,4</sup>	Borrowings <sup>1</sup>	Foreign Currency Assets <sup>3</sup>	Foreign Currency Liabilities <sup>3</sup>
1 day	12,060.73	4,319.16	67,041.39	-	7,727.14	1,482.73
2 days to 7 days	32,362.46	4,491.55	1,459.10	90.13	5,963.67	2,182.79
8 days to 14 days	12,169.22	8,186.97	6,980.63	545.71	2,518.09	522.05
15 days to 30 days	21,844.17	12,282.11	5,061.37	4,259.88	4,957.97	3,630.10
31 days and upto 2 months	26,205.35	15,193.31	4,994.64	4,776.50	2,786.26	3,020.80
Over 2 months and upto 3 months	18,464.30	22,122.21	3,305.19	9,761.47	4,624.87	5,466.19
Over 3 months and upto 6 months	38,641.42	37,126.79	7,886.25	15,187.46	8,564.09	8,856.67
Over 6 months and upto 1 year	79,409.48	51,154.95	11,464.22	28,143.07	13,277.64	21,148.18
Over 1 year and upto 3 years	18,820.52	128,814.09	42,312.11	50,583.13	10,871.53	12,665.82
Over 3 years and upto 5 years	1,720.05	74,989.49	5,911.71	13,120.81	4,472.93	2,903.86
Over 5 years	445,608.38	265,039.56	69,510.13	16,405.00	6,825.65	7,638.34
<b>Total</b>	<b>707,306.08</b>	<b>623,720.19</b>	<b>225,926.74</b>	<b>142,873.16</b>	<b>72,589.84</b>	<b>69,517.53</b>

1. Includes foreign currency balances

2. For the purpose of disclosing the maturity pattern, advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') and Funded Risk Participation ('FRPs') have been classified in the maturity bucket corresponding to the contractual maturities of such underlying loans and advances gross of any risk participation. The IBPC and FRP amounts have been classified in the respective maturities of the corresponding underlying loans.

3. Maturity profile of foreign currency assets and liabilities excludes off balance sheet items.

4. Listed equity investments (except strategic investments) have been considered at 50% haircut as per RBI directions.

As at 31 March, 2020

(₹ in crores)

	Deposits <sup>1</sup>	Advances <sup>1,2</sup>	Investments <sup>1</sup>	Borrowings <sup>1</sup>	Foreign Currency Assets <sup>3</sup>	Foreign Currency Liabilities <sup>3</sup>
1 day	9,393.22	4,373.19	34,818.51	-	8,783.77	319.49
2 days to 7 days	29,764.93	4,380.02	1,510.13	72.06	5,827.00	3,477.56
8 days to 14 days	15,065.83	3,956.05	4,695.30	463.34	628.87	667.67
15 days to 30 days	18,598.50	10,947.57	4,399.54	6,302.02	4,683.82	2,548.11
31 days and upto 2 months	27,305.18	15,526.78	4,419.81	7,814.64	2,669.03	9,095.83
Over 2 months and upto 3 months	24,411.64	15,015.80	3,538.71	4,412.42	3,233.05	6,854.61
Over 3 months and upto 6 months	53,506.32	30,319.38	6,743.15	17,592.82	8,109.22	18,744.94
Over 6 months and upto 1 year	83,932.89	51,919.47	10,037.31	26,182.68	15,510.51	30,201.76
Over 1 year and upto 3 years	23,586.16	114,606.88	15,369.43	50,425.65	12,960.38	15,689.63
Over 3 years and upto 5 years	2,688.28	69,495.45	7,207.81	13,783.50	3,911.41	3,846.53
Over 5 years	351,851.99	250,883.57	63,994.62	20,905.00	8,297.44	7,114.42
<b>Total</b>	<b>640,104.94</b>	<b>571,424.16</b>	<b>156,734.32</b>	<b>147,954.13</b>	<b>74,614.50</b>	<b>98,560.55</b>

1. Includes foreign currency balances

2. For the purpose of disclosing the maturity pattern, advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') and Funded Risk Participation ('FRPs') have been classified in the maturity bucket corresponding to the contractual maturities of such underlying loans and advances gross of any risk participation. The IBPC and FRP amounts have been classified in the respective maturities of the corresponding underlying loans.

3. Maturity profile of foreign currency assets and liabilities excludes off balance sheet items.

4. The maturity profile disclosed above does not factor in the effect of changes due to postponement of cash flows on account of loans under 3 months moratorium period as permitted under RBI's COVID-19 Regulatory Package notified on 27 March, 2020.

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

#### 2.1.24 Disclosure on Restructured Assets

Details of loans subjected to restructuring during the year ended 31 March, 2021 are given below:

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	1	-	2	7	10	-	-	-	-	-
	Amount Outstanding - Restructured facility	0.60	-	125.18	495.60	621.38	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	142.36	124.57	266.93	-	-	-	-	-
	Provision thereon	-	-	8.19	-	8.19	-	-	-	-	-
Fresh Restructuring during the year <sup>1,2</sup>	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding - Restructured facility	-	-	-	2.94	2.94	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	-	9.62	9.62	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-

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Type of Restructuring Asset Classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding - Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding - Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Downgradation of restructured accounts during the FY <sup>3</sup>	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding - Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts during the FY <sup>4,5,6</sup>	No. of borrowers	(1)	-	(2)	(1)	(4)	-	-	-	-	-
	Amount Outstanding - Restructured facility	(0.60)	-	(125.18)	(56.41)	(182.19)	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	(142.36)	(30.88)	(173.24)	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	-	-	-	6	6	-	-	-	-	-
	Amount Outstanding - Restructured facility	-	-	-	442.13	442.13	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	-	103.31	103.31	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-

(₹ in crores)

Type of Restructuring Asset Classification		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	864	94	81	6	1,045	865	94	83	13	1,055
	Amount Outstanding - Restructured facility	500.33	11.20	1,622.91	108.52	2,242.96	500.93	11.20	1,748.09	604.12	2,864.34
	Amount Outstanding - Other facility	52.12	5.30	481.42	90.20	629.04	52.12	5.30	623.78	214.77	895.97
	Provision thereon	4.16	-	-	-	4.16	4.16	-	8.19	-	12.35

Type of Restructuring Asset Classification		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Fresh Restructuring during the year <sup>1,2</sup>	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	12.71	-	-	-	12.71	12.71	-	-	2.94	15.65
	Amount Outstanding – Other facility	7.74	-	-	-	7.74	7.74	-	-	9.62	17.36
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	7	(6)	(1)	-	7	(6)	(1)	-	-	-
	Amount Outstanding – Restructured facility	0.81	(0.65)	(0.16)	-	0.81	(0.65)	(0.16)	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(135)	-	-	-	(135)	-	-	-	-	(135)
	Amount Outstanding – Restructured facility	(280.96)	-	-	-	(280.96)	-	-	-	-	(280.96)
	Amount Outstanding – Other facility	(0.37)	-	-	-	(0.37)	-	-	-	-	(0.37)
	Provision thereon	(0.11)	-	-	-	(0.11)	-	-	-	-	(0.11)
Downgradation of restructured accounts during the FY <sup>3</sup>	No. of borrowers	(230)	1	216	13	(230)	1	216	13	-	-
	Amount Outstanding – Restructured facility	(108.55)	(1.47)	(498.70)	608.72	(108.55)	(1.47)	(498.70)	608.72	-	-
	Amount Outstanding – Other facility	(8.90)	(2.91)	(23.25)	35.06	(8.90)	(2.91)	(23.25)	35.06	-	-
	Provision thereon	(3.91)	-	-	3.91	(3.91)	-	-	3.91	-	-
Write-offs of restructured accounts during the FY <sup>4,5,6</sup>	No. of borrowers	(5)	(12)	(94)	(6)	(117)	(12)	(96)	(7)	(121)	-
	Amount Outstanding – Restructured facility	(7.33)	(2.02)	(1,015.07)	(252.66)	(1,277.08)	(7.93)	(1,140.25)	(309.07)	(1,459.27)	-
	Amount Outstanding – Other facility	(2.45)	(0.07)	(446.57)	(90.20)	(539.29)	(2.45)	(588.93)	(121.08)	(712.53)	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	501	77	202	13	793	501	77	202	19	799
	Amount Outstanding – Restructured facility	117.01	7.06	108.98	464.58	697.63	117.01	7.06	108.98	906.71	1,139.76
	Amount Outstanding – Other facility	48.14	2.32	11.60	35.06	97.12	48.14	2.32	11.60	138.37	200.43
	Provision thereon	-	-	-	-	-	-	-	-	-	-

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2021:

1. Amount reported here represents outstanding as on 31 March, 2021. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is Nil for the FY 2020-21
2. Includes ₹5.92 crores of fresh/additional sanction to existing restructured accounts (₹5.76 crores under restructured facility and ₹0.16 crores under other facility)
3. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
4. Includes accounts partially written-off during the year
5. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
6. Includes ₹853.66 crores of reduction from existing restructured accounts by way of sale/recovery/conversion (₹537.01 crores from restructured facility and ₹316.65 crores from other facility)
7. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalization account upto 31 March, 2021 aggregated ₹117.01 crores
8. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

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Details of loans subjected to restructuring during the year ended 31 March, 2020 are given below:

(₹ in crores)

Type of Restructuring Asset Classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	4	-	4	4	12	-	-	-	-	-
	Amount Outstanding – Restructured facility	267.63	-	467.93	97.86	833.42	-	-	-	-	-
	Amount Outstanding – Other facility	0.55	-	89.42	35.76	125.73	-	-	-	-	-
	Provision thereon	6.06	-	-	-	6.06	-	-	-	-	-
Fresh Restructuring during the year <sup>1,2</sup>	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	0.54	-	32.29	10.16	42.99	-	-	-	-	-
	Amount Outstanding – Other facility	141.80	-	4.72	27.14	173.66	-	-	-	-	-
	Provision thereon	2.39	-	-	-	2.39	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(1)				(1)	-				-
	Amount Outstanding – Restructured facility	(4.08)				(4.08)	-				-
	Amount Outstanding – Other facility	-				-	-				-
	Provision thereon	(0.26)				(0.26)	-				-
Downgradation of restructured accounts during the FY <sup>3</sup>	No. of borrowers	(2)	-	(1)	3	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	(125.17)	-	(275.52)	400.69	-	-	-	-	-	-
	Amount Outstanding – Other facility	(142.35)	-	80.68	61.67	-	-	-	-	-	-
	Provision thereon	(8.19)	-	(8.19)	-	-	-	-	-	-	-



Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Write-offs of restructured accounts during the FY <sup>4,5,6</sup>	No. of borrowers	-	-	(1)	-	(1)	-	-	-	-	-
	Amount Outstanding - Restructured facility	(138.32)	-	(99.52)	(13.11)	(250.95)	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	(32.46)	-	(32.46)	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	1	-	2	7	10	-	-	-	-	-
	Amount Outstanding - Restructured facility	0.60	-	125.18	495.60	621.38	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	142.36	124.57	266.93	-	-	-	-	-
	Provision thereon	-	-	8.19	-	8.19	-	-	-	-	-
(₹ in crores)											
Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	745	103	33	5	886	749	103	37	9	898
	Amount Outstanding - Restructured facility	690.09	16.79	3,284.63	159.69	4,151.20	957.72	16.79	3,752.56	257.55	4,984.62
	Amount Outstanding - Other facility	19.47	0.14	1,310.61	85.02	1,415.24	20.02	0.14	1,400.03	120.78	1,540.97
	Provision thereon	10.54	-	2.08	-	12.62	16.60	-	2.08	-	18.68
Fresh Restructuring during the year <sup>1,2</sup>	No. of borrowers	249	-	-	-	249	249	-	-	-	249
	Amount Outstanding - Restructured facility	121.14	1.96	76.57	18.93	218.60	121.68	1.96	108.86	29.09	261.59
	Amount Outstanding - Other facility	72.74	0.02	24.07	14.47	111.30	214.54	0.02	28.79	41.61	284.96
	Provision thereon	2.48	-	(2.08)	-	0.40	4.87	-	(2.08)	-	2.79
Upgradation to restructured standard category during the FY	No. of borrowers	15	(15)	-	-	-	15	(15)	-	-	-
	Amount Outstanding - Restructured facility	1.94	(1.94)	-	-	-	1.94	(1.94)	-	-	-
	Amount Outstanding - Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-

## Standalone Financial Statements

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(48)				(48)	(49)				(49)
	Amount Outstanding – Restructured facility	(249.86)				(249.86)	(253.94)				(253.94)
	Amount Outstanding – Other facility	(33.93)				(33.93)	(33.93)				(33.93)
	Provision thereon	(8.86)				(8.86)	(9.12)				(9.12)
Downgradation of restructured accounts during the FY <sup>3</sup>	No. of borrowers	(96)	11	81	4	-	(98)	11	80	7	-
	Amount Outstanding – Restructured facility	(11.76)	(3.45)	14.07	1.14	-	(136.93)	(3.45)	(261.45)	401.83	-
	Amount Outstanding – Other facility	(5.41)	5.19	0.22	-	-	(147.76)	5.19	80.90	61.67	-
	Provision thereon	-	-	-	-	-	(8.19)	-	8.19	-	-
Write-offs of restructured accounts during the FY <sup>4,5,6</sup>	No. of borrowers	(1)	(5)	(33)	(3)	(42)	(1)	(5)	(34)	(3)	(43)
	Amount Outstanding – Restructured facility	(51.22)	(2.16)	(1,752.36)	(71.24)	(1,876.98)	(189.54)	(2.16)	(1,851.88)	(84.35)	(2,127.93)
	Amount Outstanding – Other facility	(0.75)	(0.05)	(853.48)	(9.29)	(863.57)	(0.75)	(0.05)	(885.94)	(9.29)	(896.03)
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	864	94	81	6	1,045	865	94	83	13	1,055
	Amount Outstanding – Restructured facility	500.33	11.20	1,622.91	108.52	2,242.96	500.93	11.20	1,748.09	604.12	2,864.34
	Amount Outstanding – Other facility	52.12	5.30	481.42	90.20	629.04	52.12	5.30	623.78	214.77	895.97
	Provision thereon	4.16	-	-	-	4.16	4.16	-	8.19	-	12.35

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2020:

1. Amount reported here represents outstanding as on 31 March, 2020. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹38.06 crores for the FY 2019-20
2. Includes ₹3.13 crores of fresh/additional sanction to existing restructured accounts (entirely under restructured facility)
3. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
4. Includes accounts partially written-off during the year
5. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
6. Includes ₹148.39 crores of reduction from existing restructured accounts by way of sale/recovery (₹144.28 crores from restructured facility and ₹4.11 crores from other facility)
7. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalization account upto 31 March, 2020 aggregated ₹472.14 crores
8. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

2.1.25 Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 6, 2020 are given below:

(₹ in crores except number of accounts)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan*	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution**
Personal Loans	8,021	503.71	-	4.01	50.37
Corporate persons	12	340.89	-	2.00	34.09
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>8,033</b>	<b>844.60</b>	<b>-</b>	<b>6.01</b>	<b>84.46</b>

\* represents fund based outstanding of accounts at the end of the month before the date of implementation of resolution plan

\*\* the Bank holds provision of ₹234 crores on all accounts where resolution plan is implemented at 31 March, 2021 as per Resolution Framework for Covid-19 related stress

2.1.26 Details of MSME advances subjected to restructuring:

(₹ in crores)

Particulars	31 March, 2021	31 March, 2020
No. of accounts restructured during the year <sup>#</sup>	99,358	9
Amount outstanding	251.32	16.35

<sup>#</sup> represents number of accounts standard accounts outstanding as on 31 March

2.1.27 Disclosure with regard to implementation of resolution plan as required under RBI circular of 7 June, 2019 on Prudential Framework for Resolution of Stressed Assets:

Details of accounts where resolution plan is implemented:

(₹ in crores)

Particulars	31 March, 2021	31 March, 2020
No. of borrowers where resolution plan is implemented during the year <sup>#</sup>	6	6
Fund based outstanding as on 31 March	875.32	640.09

<sup>#</sup> includes prudentially written-off accounts where resolution plan is implemented and accounts settled pursuant to implementation of resolution plan

Details of accounts where resolution plan is not implemented:

(₹ in crores)

Particulars	As at 31 March, 2021	As at 31 March, 2020
No. of borrowers where resolution plan is not implemented within the specified timelines <sup>#</sup>	30	35
Fund based outstanding*	3,687.69	8,185.42
Additional provisions held as per RBI circular of 7 June, 2019	243.62	474.89

<sup>#</sup> includes prudentially written-off accounts

\* excluding outstanding for cases which have been subject to prudential write-off and outstanding in equity shares

## Standalone Financial Statements

- 2.1.28 The disclosures as required under RBI circular DOR.No.BP.BC.62/21.04.048/2019-20 dated 17 April, 2020 with respect to the number of accounts and the amount involved in those accounts where the resolution period was extended is given below:

Particulars	As on 31 March, 2021
No. of accounts in which resolution period was extended	1
Amount involved (Fund based outstanding) (₹ in crores)	130.04

- 2.1.29 Disclosure in respect of Interest Rate Swaps ('IRS'), Forward Rate Agreement ('FRA') and Cross Currency Swaps ('CCS') outstanding is set out below:

An 'IRS' is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Inter-Bank Forward Offer Rate (MIFOR) and London Inter-Bank Offered Rate (LIBOR) of various currencies.

A 'FRA' is a financial contract between two parties to exchange interest payments for 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is LIBOR of various currencies.

A 'CCS' is a financial contract between two parties exchanging interest payments and principal, wherein interest payments and principal in one currency would be exchanged for an equally valued interest payments and principal in another currency.

		(₹ in crores)	
Sr. No.	Items	As at 31 March, 2021	As at 31 March, 2020
i)	Notional principal of swap agreements	334,867.83	301,276.40
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	5,739.66	6,935.72
iii)	Collateral required by the Bank upon entering into swaps	291.83	837.94
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps/FRAs	3,305.13	3,890.55
	- Cross Currency Swaps	4,083.62	4,196.42
v)	Fair value of the swap book (hedging & trading)		
	- Interest Rate Swaps/FRAs	(461.16)	(588.68)
	- Currency Swaps	1,112.02	907.85

The nature and terms of the IRS as on 31 March, 2021 are set out below:

(₹ in crores)				
Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	16	7,311.00	LIBOR	Fixed Receivable v/s Floating Payable
Trading	190	29,861.10	LIBOR/EURIBOR	Fixed Receivable v/s Floating Payable
Trading	1131	52,476.08	MIBOR	Fixed Receivable v/s Floating Payable
Trading	792	52,849.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	5	700.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	253	43,130.10	LIBOR/EURIBOR	Floating Receivable v/s Fixed Payable
Trading	1285	52,524.00	MIBOR	Floating Receivable v/s Fixed Payable
Trading	451	35,382.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	35	12,538.37	LIBOR	Floating Receivable v/s Floating Payable
Trading	1	54.83	LIBOR	Pay Cap/Receive Floor
	<b>4,159</b>	<b>286,826.48</b>		

The nature and terms of the IRS as on 31 March, 2020 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	30	12,446.90	LIBOR	Fixed Receivable v/s Floating Payable
Hedging	2	3,783.25	LIBOR	Floating Receivable v/s Fixed Payable
Trading	217	34,240.79	LIBOR	Fixed Receivable v/s Floating Payable
Trading	825	41,163.33	MIBOR	Fixed Receivable v/s Floating Payable
Trading	646	42,574.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	11	1,000.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	289	41,341.57	LIBOR	Floating Receivable v/s Fixed Payable
Trading	890	42,921.23	MIBOR	Floating Receivable v/s Fixed Payable
Trading	363	26,472.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	28	8,852.81	LIBOR	Floating Receivable v/s Floating Payable
Trading	4	64.69	LIBOR	Pay Cap
Trading	4	64.69	LIBOR	Receive Cap
	<b>3,309</b>	<b>254,925.26</b>		

The nature and terms of the FRA as on 31 March, 2021 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
-	-	-	-	-
-	-	-	-	-

The nature and terms of the FRA as on 31 March, 2020 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
-	-	-	-	-
-	-	-	-	-

The nature and terms of the CCS as on 31 March, 2021 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	81	9,097.95	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	90	8,855.26	LIBOR/EURIBOR/MIBOR	Fixed Receivable v/s Floating Payable
Trading	74	14,141.09	LIBOR/EURIBOR	Floating Receivable v/s Fixed Payable
Trading	40	12,105.32	LIBOR/MIFOR/MIBOR	Fixed Receivable v/s Fixed Payable
Trading	36	3,199.95	Principal Only	Fixed Receivable
Trading	4	641.78	Principal Only	Fixed Payable
	<b>325</b>	<b>48,041.35</b>		

The nature and terms of the CCS as on 31 March, 2020 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	77	8,094.31	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	85	8,709.42	LIBOR	Fixed Receivable v/s Floating Payable
Trading	69	13,381.28	LIBOR	Floating Receivable v/s Fixed Payable
Trading	29	10,380.16	LIBOR/MIFOR/MIBOR	Floating Receivable v/s Floating Payable
Trading	38	4,197.61	Principal Only	Fixed Receivable
Trading	13	1,588.36	Principal Only	Fixed Payable
	<b>311</b>	<b>46,351.14</b>		

## Standalone Financial Statements

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2021 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2021
<b>i)</b>	<b>Notional principal amount of exchange traded interest rate derivatives undertaken during the year</b>	
	EDM0 - 90 days Euro Future - June 2020	1,666.91
	TUM0 - 2 years US Note - June 2020	26.32
	FVM0 - 5 years US Note - June 2020	146.22
	TYM0 - 10 years US Note - June 2020	159.38
	TUU0 - 2 years US Note - September 2020	49.71
	FVU0 - 5 years US Note - September 2020	233.95
	TYU0 - 10 years US Note - September 2020	247.11
	FVZ0 - 5 years US Note - December 2020	138.91
	TYZ0 - 10 years US Note - December 2020	324.61
	FVH1 - 5 years US Note - March 2021	293.90
	TYH1 - 10 years US Note - March 2021	447.43
	TUM1 - 2 years US Note - June 2021	299.75
	FVM1 - 5 years US Note - June 2021	97.24
	TYM1 - 10 years US Note - June 2021	222.99
		<b>4,354.43</b>
<b>ii)</b>	<b>Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2021</b>	
	TUM1 - 2 years US Note - June 2021	299.75
	FVM1 - 5 years US Note - June 2021	70.92
	TYM1 - 10 years US Note - June 2021	179.12
		<b>549.79</b>
<b>iii)</b>	<b>Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2021 and “not highly effective”</b>	N.A.
<b>iv)</b>	<b>Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2021 and “not highly effective”</b>	N.A.

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2020 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2020
<b>i)</b>	<b>Notional principal amount of exchange traded interest rate derivatives undertaken during the year</b>	
	EDM9 - 90 Days Euro Futures - June 2019	1,513.30
	TUM9 - 2 years US Note - June 2019	1,876.49
	FVM9 - 5 years US Note - June 2019	3,238.46
	TYM9 - 10 years US Note - June 2019	2,148.89
	TUU9 - 2 years US Note - September 2019	1,059.31
	FVU9 - 5 years US Note - September 2019	1,436.12
	TYU9 - 10 years US Note - September 2019	272.39
	TUZ9 - 2 years US Note - December 2019	251.21
	FVZ9 - 5 years US Note - December 2019	768.76
	TYZ9 - 10 years US Note - December 2019	295.09
	TUH0 - 2 years US Note - March 2020	142.25
	FVH0 - 5 years US Note - March 2020	567.49
	TYH0 - 10 years US Note - March 2020	606.83
	TUM0 - 2 years US Note - June 2020	27.24

Sr. No.	Particulars	As at 31 March, 2020
	FVM0 – 5 years US Note – June 2020	308.71
	TYM0 – 10 years US Note – June 2020	172.52
	EDM0 – 90 Days Euro Futures – June 2020	1,543.57
		<b>16,228.63</b>
<b>ii)</b>	<b>Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2021</b>	
	TUM0 – 2 Years US Note – June 2020	27.24
	FVM0 – 5 Years US Note – June 2020	151.33
	TYM0 – 10 Years US Note – June 2020	142.25
		<b>320.82</b>
<b>iii)</b>	<b>Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2020 and “not highly effective”</b>	N.A.
<b>iv)</b>	<b>Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2020 and “not highly effective”</b>	N.A.

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended 31 March, 2021 and 31 March, 2020.

#### 2.1.30 Disclosure on risk exposure in Derivatives

##### Qualitative disclosures:

**(a) Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:**

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank undertakes over the counter and Exchange Traded derivative transactions for Balance Sheet management and also for proprietary trading/market making whereby the Bank offers OTC derivative products to the customers to enable them to hedge their interest rate and currency risks within the prevalent regulatory guidelines.

Proprietary trading includes Exchange Traded Currency Options, Interest Rate Futures, Currency Futures and Rupee Interest Rate Swaps under different benchmarks (viz. MIBOR, MIFOR and INBMK), Currency Options, Currency Swaps and Non Deliverable Options. The Bank also undertakes transactions in Cross Currency Swaps, Principal Only Swaps, Coupon Only Swaps, Currency Options, Interest Rate Swaps and Long Term Forex Contracts (LTFX) for hedging its Balance Sheet and also offers them to its customers. These transactions expose the Bank to various risks, primarily credit, market, legal, reputation and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

There is a functional separation between the Treasury Front Office, Treasury Mid Office and Treasury Back Office to undertake derivative transactions. The customer and interbank related derivative transactions are originated by Derivative sales and Treasury Front Office team respectively which ensures compliance with the trade origination requirements as per the Bank’s policy and the RBI guidelines. The Market Risk Group within the Bank’s Risk Department independently identifies, measures and monitors the market risks associated with derivative transactions and appries the Asset Liability Management Committee (ALCO) and the Risk Management Committee of the Board (RMC) on the compliance with the risk limits. The Treasury Back Office undertakes activities such as trade validation, confirmation, settlement, ISDA and related documentation, post deal documentation, accounting, valuation and other MIS reporting.

The derivative transactions are governed by the Derivative policy, Suitability and Appropriateness Policy for derivative products, Market risk management policy, Hedging policy and the Asset Liability Management (ALM) policy of the Bank as well as by the extant RBI guidelines. The Bank has implemented policy on customer suitability & appropriateness to ensure that derivatives transactions entered into are appropriate and suitable to the customer. The Bank has put in place a detailed process flow on documentation for customer derivative transactions for effective management of operational/reputation/compliance risk.

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Various risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, VaR, Stop Loss, Delta, Gamma and Vega. Actual positions are monitored against these limits on a daily basis and breaches, if any, are dealt with in accordance with board approved Risk Appetite Statement. Risk assessment of the portfolio is undertaken periodically. The Bank ensures that the Gross PV01 (Price value of a basis point) position arising out of all non-option rupee derivative contracts are within 0.25% of net worth of the Bank as on Balance Sheet date.

Hedging transactions are undertaken by the Bank to protect the variability in the fair value or the cash flow of the underlying Balance Sheet item. These deals are accounted on an accrual basis except the swap designated with an asset/liability that is carried at market value or lower of cost or market value. In that case, the swap is marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. These transactions are tested for hedge effectiveness and in case any transaction fails the test, the same is re-designated as a trading deal and appropriate accounting treatment is followed.

**(b) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts**

The Hedging Policy of the Bank governs the use of derivatives for hedging purpose. Subject to the prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate and floating rate coupon or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the Profit and Loss Account. The premium on option contracts is accounted for as per FEDAI guidelines. Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties. The exposure on account of derivative transactions is computed as per the RBI guidelines and is marked against the Loan Equivalent Risk (LER) limits approved for the respective counterparties.

**(c) Provisioning, collateral and credit risk mitigation**

Derivative transactions comprise of swaps, FRAs, futures, forward contracts and options which are disclosed as contingent liabilities. Trading swaps/FRAs/futures/options/forward 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 or other liabilities respectively. Hedged swaps are accounted for as per the RBI guidelines. In accordance with RBI guidelines, any receivables (crystallised receivables and positive MTM) under derivatives contracts, which remain overdue for more than 90 days, are reversed through the Profit and Loss Account and are held in a separate Suspense account.

Collateral requirements for derivative transactions are laid down as part of credit sanction terms on a case by case basis. Such collateral requirements are determined, based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

The credit risk in respect of customer derivative transactions is sought to be mitigated through a laid down policy on sanction of Loan Equivalent Risk (LER) limits, monitoring mechanism for LER limits and trigger events for escalation/margin calls/termination.



Quantitative disclosure on risk exposure in derivatives<sup>1</sup>:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2021			
		Currency Derivatives			Interest rate Derivatives
		Forward Contracts <sup>4</sup>	CCS	Options	
<b>1</b>	<b>Derivatives (Notional Principal Amount)</b>				
	a) For hedging	48,038.85	-	-	7,311.00
	b) For trading	462,079.03	48,041.35	36,504.32	279,515.48
<b>2</b>	<b>Marked to Market Positions<sup>2,3</sup></b>				
	a) Asset (+)	4,237.84	2,405.25	947.71	3,213.35
	b) Liability (-)	(4,184.90)	(1,293.23)	(898.20)	(3,795.57)
<b>3</b>	<b>Credit Exposure<sup>3</sup></b>	16,831.99	7,274.49	1,037.29	6,275.57
<b>4</b>	<b>Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2021)</b>				
	a) on hedging derivatives	2.48	-	-	0.52
	b) on trading derivatives	6.63	3.29	27.34	36.49
<b>5</b>	<b>Maximum and Minimum of 100*PV01 observed during the year</b>				
	a) on hedging				
	i) Minimum	2.04	-	-	0.52
	ii) Maximum	10.43	-	-	1.41
	b) on Trading				
	i) Minimum	0.37	2.16	11.61	36.49
	ii) Maximum	6.63	6.05	62.84	54.54

1. only over the counter derivatives included

2. only on trading derivatives

3. includes accrued interest

4. excluding Tom/Spot contracts

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2020			
		Currency Derivatives			Interest rate Derivatives
		Forward Contracts <sup>4</sup>	CCS	Options	
<b>1</b>	<b>Derivatives (Notional Principal Amount)</b>				
	a) For hedging	43,612.28	-	-	16,230.14
	b) For trading	412,366.46	46,351.14	45,114.10	238,695.12
<b>2</b>	<b>Marked to Market Positions<sup>2,3</sup></b>				
	a) Asset (+)	7,665.93	3,077.72	1,676.86	3,692.90
	b) Liability (-)	(7,228.49)	(2,169.87)	(1,620.33)	(4,428.26)
<b>3</b>	<b>Credit Exposure<sup>3</sup></b>	21,166.53	7,811.75	1,373.69	6,428.92
<b>4</b>	<b>Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2020)</b>				
	a) on hedging derivatives	12.33	-	-	1.32
	b) on trading derivatives	12.31	5.77	13.02	52.98
<b>5</b>	<b>Maximum and Minimum of 100*PV01 observed during the year</b>				
	a) on hedging				
	i) Minimum	3.94	-	-	1.27
	ii) Maximum	12.33	-	-	31.49
	b) on Trading				
	i) Minimum	0.30	2.25	10.67	52.33
	ii) Maximum	12.31	10.79	57.72	68.11

1. only over the counter derivatives included

2. only on trading derivatives

3. includes accrued interest

4. excluding Tom/Spot contracts

The outstanding notional principal amount of Exchange Traded Currency Options as at 31 March, 2021 was Nil (previous year Nil) and the mark-to-market value was Nil (previous year Nil).

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### 2.1.31 Details of penalty/stricture levied by RBI:

Details of penalty/stricture levied by RBI during the year ended 31 March, 2021 is as under:

Amount (₹ in crores)	Reason for stricture issued/ levy of penalty by RBI	Date of payment of penalty
0.05	Penalty for bouncing of SGL due to shortage of balance of GOI security in SGL account at the time of settlement at CCIL on 20 November, 2020	11 December, 2020

No penalty/stricture has been imposed by RBI on the Bank during the year ended 31 March, 2020

### 2.1.32 Disclosure of customer complaints:

Disclosure on customer complaints for the year ended 31 March, 2021 is as per the requirements laid down in RBI circular CEPD.CO.PRD.Cir.No.01/13.01.013/2020-21 dated 27 January, 2021 on 'Strengthening of Grievance Redress Mechanism in Banks'. Disclosure for previous year ended 31 March, 2020 has also been aligned to current year presentation.

	31 March, 2021	31 March, 2020
<b>Complaints received by the Bank from its customers</b>		
1. No. of complaints pending at the beginning of the year	965	1,217
2. No. of complaints received during the year	360,342	200,484
3. No. of complaints redressed during the year	343,782	200,736
<i>of which, number of complaints rejected by the Bank</i>	53,790	6,525
4. No. of complaints pending at the end of the year	17,525	965
<b>Maintainable complaints received by the Bank from OBOs</b>		
5. No. of maintainable complaints received by the Bank from OBOs	14,027	10,237
<i>of which, No. of complaints resolved in favour of the Bank by BO's</i>	13,410	10,166
<i>of which, No. of complaints resolved through conciliation/ mediation/ advisories issued by BO's</i>	616	71
<i>of which, No. of complaints resolved after passing of Awards by BO's against the Bank</i>	1	-
6. No. of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Grounds of complaints for the year ended 31 March, 2021

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
ATM/Debit Cards	30	115,528	(17%)	1,340	7
Credit Cards	346	74,314	768%	6,665	1,759
Loans and advances	50	68,750	2,513%	4,311	173
Account opening/difficulty in operation of accounts	292	45,817	618%	2,584	630
Internet/Mobile/Electronic Banking	43	28,774	(15%)	756	181
Others	204	27,159	170%	1,869	354
<b>Total</b>	<b>965</b>	<b>360,342</b>	<b>80%</b>	<b>17,525</b>	<b>3,104</b>

## Grounds of complaints for the year ended 31 March, 2020

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
ATM/Debit Cards	19	138,368	N.A.	30	20
Internet/Mobile/Electronic Banking	24	33,872	N.A.	43	17
Credit Cards	13	8,566	N.A.	346	143
Account opening/difficulty in operation of accounts	1,117	6,385	N.A.	292	100
Levy of charges without prior notice/excessive charges/foreclosure charges	-	3,216	N.A.	65	20
Others	44	10,077	N.A.	189	87
<b>Total</b>	<b>1,217</b>	<b>200,484</b>	<b>N.A.</b>	<b>965</b>	<b>387</b>

The above information does not include complaints redressed within 1 working day and is as certified by the Management and relied upon by the auditors.

## 2.1.33 Draw Down from Reserves

During the year ended 31 March, 2021 the Bank has not undertaken any draw from reserves, except towards issue expenses incurred for equity raising through Qualified Institutional Placement, which have been adjusted against the share premium account.

During the year ended 31 March, 2020 the Bank has not undertaken any draw from reserves, except towards issue expenses incurred for equity raising through Qualified Institutional Placement and conversion of share warrants, which has been adjusted against the share premium account.

## 2.1.34 Letter of Comfort

The Bank has not issued any Letter of Comfort on behalf of its subsidiaries during the current and previous year.

## 2.1.35 Disclosure on Remuneration

**Qualitative disclosures****a) Information relating to the composition and mandate of the Nomination and Remuneration Committee:**

✂ Name, composition and mandate of the main body overseeing remuneration:

The Nomination and Remuneration Committee of the Board oversees the framing, review and implementation of the compensation policy of the Bank on behalf of the Board. The Committee works in close co-ordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks.

As at 31 March, 2021, the Nomination and Remuneration Committee comprises of the following Non-Executive Directors:

1. Smt Meena Ganesh - Chairperson
2. Shri Rakesh Makhija
3. Shri Girish Paranjpe

In respect of Remuneration/HR matters, the Nomination and Remuneration Committee of the Board, functions with the following main objectives:

- a. Review and recommend to the Board for approval, the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors and key managerial personnel) including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & CEO (MD & CEO), other Whole-Time Directors (WTD) and senior managers one level below the Board.

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- b. Recommend to the Board the compensation payable to the Chairman of the Bank.
- c. Review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other WTDs, senior managers' one level below the Board and other key roles and their progression to the Board.
- d. Formulate the criteria and the manner for effective evaluation of performance of the Board as a whole, its Committees and individual directors, including independent directors of the Bank, which may be carried out either by the Committee or by the Board or with the help of an independent external agency and to review its implementation, compliance and outcomes.
- e. Review adequacy and appropriateness of HR strategy of the Bank in the broader areas of code of conduct, ethics, conflict of interest, succession planning, talent management, performance management, remuneration and HR risk management.
- f. Review and recommend to the Board for approval:
  - the creation of new positions one level below MD & CEO
  - appointments, promotions and exits of senior managers one level below the MD & CEO
- g. Set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, WTDs and Group Executives for the financial year and over the medium to long term.
- h. Review the performance of the MD & CEO and other WTDs at the end of each year.
- i. Perform such other duties as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

✧ External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:

The Nomination and Remuneration Committee has commissioned Aon Consulting Pvt. Limited, a globally renowned compensation benchmarking firm, to conduct market benchmarking of employee compensation. The Bank participates in the salary benchmarking survey conducted by Aon every year. Aon collects data from multiple private sector peer banks across functions, levels and roles which is then used by the Bank to assess market competitiveness of remuneration offered to Bank employees.

✧ A description of the scope of the Bank's remuneration policy, including the extent to which it is applicable to branches in India and overseas:

The Committee monitors the remuneration policy for both domestic and overseas branches of the Bank on behalf of the Board. However, it does not oversee the compensation policy for subsidiaries of the Bank.

✧ A description of the type of employees covered and number of such employees:

Employees are categorised into following three categories from remuneration structure and administration standpoint:

Category 1

MD & CEO and WTDs. This category includes 4\* employees.

Category 2

All the employees in the Grade of Vice President and above engaged in the functions of Risk Control, Internal Audit and Compliance. This category includes 61\* employees.

Category 3: Other Staff

'Other Staff' has been defined as a "group of employees whose actions have a material impact on the risk exposure of the Bank". This category includes 25\* employees.

\* represents employees in these categories during the year FY 2020-21 including employees exited from the Bank during FY 2020-21.

**b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:**

✂ An overview of the key features and objectives of remuneration policy:

The compensation philosophy of the Bank aims to attract, retain and motivate professionals in order to enable the Bank to attain its strategic objectives and develop a strong performance culture in the competitive environment in which it operates. To achieve this, the following principles are adopted:

- Affordability: Pay to reflect productivity improvements to retain cost-income competitiveness
- Maintain competitiveness on fixed pay in talent market
- Pay for performance to drive meritocracy through variable pay
- Employee Stock Options for long-term value creation
- Benefits and perquisites to remain aligned with market practices and provide flexibility

Apart from the above, the compensation structure for MD & CEO and WTDs is aligned to RBI's guidelines for sound compensation practices issued in November 2019 and addresses the general principles of:

- Effective and independent governance and monitoring of compensation
- Alignment of compensation with prudent risk-taking through well designed and consistent compensation structures
- Clear and timely disclosure to facilitate supervisory oversight by all stakeholders

Accordingly, the compensation policy for MD & CEO and WTDs seeks to:

- a) Ensure that the compensation, in terms of structure and total amount, is in line with the best practices, as well as competitive vis-à-vis that of peer banks
- b) Establish the linkage of compensation with individual performance as well as achievement of the corporate objectives of the Bank
- c) Include an appropriate variable pay component tied to the achievement of pre-established objectives in line with Bank's scorecard while ensuring that the compensation is aligned with prudent risk taking
- d) Encourage attainment of long term shareholder returns through inclusion of equity linked long-term incentives as part of compensation

Compensation is structured in terms of fixed pay, variable pay and employee stock options (for selective employees), with a strong linkage of variable pay to performance. The compensation policy of the Bank is approved by the Nomination and Remuneration Committee. Additional approval from Shareholders and RBI is obtained specifically for compensation of MD & CEO and WTDs.

✂ Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:

Reserve Bank of India has released revised guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff on 4 November, 2019.

Bank's remuneration policy was reviewed by the Nomination and Remuneration Committee of the Bank in order to align with the revised RBI guidelines. These policy guidelines are applicable for pay cycles beginning from 1 April, 2020. Summary of changes made, in comparison with the existing Policy are listed below:

- At least 50% of total compensation i.e. Fixed Pay plus Total Variable Pay shall be variable.
- Value of stock options will be included in definition of 'Total Variable Pay'
- Total Variable Pay for the MD & CEO/ Whole-time Directors/ Material Risk Takers of the Bank would be capped at 300% of Fixed Pay.

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- If the Total Variable Pay is up to 200% of the Fixed Pay, a minimum of 50% of the Variable pay; and in case Variable Pay is above 200%, a minimum of 67% of the Variable Pay shall be paid via employee stock options.
- Minimum 60% of the Total Variable Pay shall be deferred over 3 years. If cash component is part of Total Variable Pay, at least 50% of the cash component of variable pay should also be deferred over 3 years. In cases where the cash component of total variable pay is under ₹ 25 lakh, variable pay shall not be deferred.
- All the fixed items of compensation, including retiral benefits and perquisites, will be treated as part of Fixed Pay.
- Qualitative and quantitative criteria defined for identification of Material Risk Takers (MRTs).
- Specific guidelines on application of malus and clawback clauses.

✧ A discussion of how the Bank ensures that risk, internal audit and compliance employees are remunerated independently of the businesses they oversee:

The Bank ensures that risk, internal audit and compliance employees are remunerated independently of the businesses they oversee and is guided by the individual employee performance. The remuneration is determined on the basis of relevant risk measures included in the Balanced Scorecard / key deliverables of staff in these functions. The parameters reviewed for performance based rewards are independent of performance of the business area they oversee and commensurate with their individual role in the Bank. Additionally, the ratio of fixed and variable compensation is weighed towards fixed compensation in case of employees in risk, internal audit and compliance functions.

c) **Description of the ways in which current and future risks are taken into account in the remuneration processes:**

✧ An overview of the key risks that the Bank takes into account when implementing remuneration measures:

The business activity of the Bank is undertaken within the limits of risk measures to achieve the financial plan. The Financial Perspective in the Bank's Balanced Score Card (BSC) contains metrics pertaining to growth, profitability and asset quality. These metrics along with other metrics in customer, internal process and compliance and people perspective are taken into account while arriving at the remuneration decisions. The metrics on internal process and compliance ensure due weightage to non – financial risk that bank may be exposed to.

✧ An overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:

The Bank has a robust system of measuring and reviewing these risks. The risk parameters are a part of the BSC used for setting of performance objectives and for measuring performance which includes, besides financial performance, adherence to internal processes, compliance and people perspectives. Weightage is placed on not only financial or quantitative achievement of objectives but also on qualitative aspects detailing how the objectives were achieved.

✧ A discussion of the ways in which these measures affect remuneration:

The relevant risk measures are included in the scorecards of MD & CEO and WTDs. Inclusion of the above mentioned measures ensures that performance parameters are aligned to risk measures at the time of performance evaluation. The Nomination and Remuneration Committee takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.

✧ A discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration:

The Bank continued to track key metrics across financial, customer, internal process and compliance and people perspective as part of FY21 BSC. For FY2020-21, in view on the uncertain external environment due to the pandemic, metrics with focus on sustainability, specifically on capital position, were incorporated. Further, critical deliverables were included to drive progress on the Bank's Growth, Profitability & Sustainability (GPS) strategy.

**d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration:**

The Bank's performance management and compensation philosophies are structured to support the achievement of the Bank's on-going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. These strategic priorities are cascaded through annualised objectives to the employees.

The Bank follows the Balanced Scorecard approach in designing its performance management system. Adequate attention is given to the robust goal setting process to ensure alignment of individual objectives to support the achievement of business strategy, financial and non-financial goals across and through the organisation. The non-financial goals for employees include customer service, process improvement, adherence to risk and compliance norms, operations and process control, learning and knowledge development.

✂ An overview of main performance metrics for Bank, top level business lines and individuals:

The Bank follows a Balanced Scorecard approach for measuring performance for the Bank, top business lines and individuals. The approach broadly comprises financial, customer, internal processes, compliance, and people perspectives and includes parameters on revenue and profitability, business growth, customer initiatives, operational efficiencies, regulatory compliance, risk management and people management.

✂ A discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance:

The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate the talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure both internal and external equity in line with emerging market trends. However, the business model and affordability form the overarching boundary conditions.

The Bank follows a Balanced Scorecard approach for measuring performance at senior levels. The Balanced scorecard parameters for individuals are cascaded from the Bank's Balanced Scorecard. The Management Committee or the Nomination and Remuneration Committee reviews the achievements against the set of parameters which determines the performance of the individuals.

For all other employees, performance appraisals are conducted annually and initiated by the employee with self-appraisal. The immediate supervisor reviews the appraisal ratings in a joint consultation meeting with the employee and assigns the performance rating. The final ratings are discussed by a Moderation Committee comprising of senior officials of the Bank. Both relative and absolute individual performances are considered for the moderation process. Individual fixed pay increases, variable pay and ESOPs are linked to the final performance ratings.

✂ A discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak:

In cases where the performance metrics are weak or not well defined to measure the performance effectively, the Bank uses discretion to reward such employees. The remuneration is then influenced by the operational performance parameters of the Bank along with individual performance achievement.

Whilst determining fixed and variable remuneration, relevant risk measures are included in scorecards of senior employees. The Financial Perspective in the Bank's BSC contains metrics pertaining to growth, profitability and asset quality. These metrics along with other metrics in customer, internal process and compliance and people perspective are taken into account while arriving at the remuneration decisions. The metrics on internal process and compliance ensure due weightage to non - financial risk that bank may be exposed to.

As a prudent measure, for Material Risk Takers, a portion of variable pay if it exceeds a certain threshold is deferred and is paid proportionately over a period of 3 years. The deferred variable pay amount of reference year would be held back in case of any misrepresentation or gross inaccuracy resulting in a wrong risk assessment.



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e) **Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance:**

- ✘ A discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:

For MD&CEO, Whole Time Directors and other Material Risk Takers of the Bank, minimum 60% of the Total Variable Pay (including Cash Variable Pay and Stock Options) is deferred over 3 years. In case the cash component is part of Total Variable Pay and exceeds ₹ 25 lakhs, at least 50% of the cash component of variable pay is also deferred over 3 years.

The Total Variable Pay for MD&CEO, Whole Time Directors and other Material Risk Takers of the Bank is subject to malus and clawback clauses, as defined in the Remuneration Policy of the Bank.

- ✘ A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements:

The Total Variable Pay for MD&CEO, Whole Time Directors and other Material Risk Takers of the Bank is subject to malus and clawback clauses, which are defined in the Remuneration Policy of the Bank. Detailed scenarios under which said clauses can be applied, such as event of an enquiry determining gross negligence or breach of integrity, or significant deterioration in financial performance are defined in the Remuneration Policy of the Bank.

f) **Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms:**

- ✘ An overview of the forms of variable remuneration offered:

- Variable Pay: Variable Pay is linked to corporate performance, business performance and individual performance and ensures differential pay based on the performance levels of employees
- Employee Stock Options (ESOPs): ESOPs are given to selective set of employees at senior levels based on their level of performance and role. ESOP scheme has an inbuilt deferred vesting design which helps in directing long term performance orientation among employees

- ✘ A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance:

Variable pay in the form of performance based bonus is paid out annually and is linked to performance achievement against balanced performance measures and aligned with the principles of meritocracy. The proportion of variable pay in total pay shall be higher at senior management levels. The payment of all forms of variable pay is governed by the affordability of the Bank and based on profitability and cost income ratios. At senior management levels (and for certain employees with potential to cause material impact on risk exposure), a portion of variable compensation may be paid out in a deferred manner in order to drive prudent behaviour as well as long term & sustainable performance orientation. Long term variable pay is administered in the form of ESOPs with an objective of enabling employee participation in the business as an active stakeholder and to usher in an 'owner-manager' culture. The quantum of grant of stock options is determined and approved by the Nomination and Remuneration Committee, in terms of the said Regulations and in line with best practices, subject to the approval of RBI. The current ESOP design has an inbuilt deferral intended to spread and manage risk.



### Quantitative disclosures

- a) The quantitative disclosures pertaining to the MD & CEO, Whole Time Directors and Material Risk Takers for the year ended 31 March, 2021 are given below:

Particulars	31 March, 2021
a. i) Number of meetings held by the Remuneration Committee (main body overseeing remuneration) during the financial year	8
ii) Remuneration paid to its members (sitting fees)	₹2,700,000
b. Number of employees having received a variable remuneration award during the financial year <sup>1</sup>	18 <sup>2</sup>
c. Number and total amount of sign-on/joining bonus made during the financial year	
- Share-linked instruments (number of stock options granted)	115,000
- Fair value of share linked instruments	₹1.49 crores <sup>3</sup>
d. Details of severance pay, in addition to accrued benefits, if any	N.A.
e. Total amount of outstanding deferred remuneration, split into:	
- Cash	-
- Shares	-
- Share-linked instruments (number of unvested stock options outstanding as on 31 March and fair value of the same)	2,880,800 options with a fair value of ₹45.61 crores <sup>3</sup>
f. Total amount of deferred remuneration paid out in the financial year:	
- Cash	-
- Share-linked instruments (number of stock options vested during the year and fair value of the same)	1,938,200 options with a fair value of ₹31.50 crores <sup>3</sup>
g. Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred, different forms used:	
- Fixed	₹46.00 crores <sup>4</sup>
- Variable	₹43.69 crores <sup>2</sup>
- Deferred	₹39.86 crores fair value of 2,776,000 options granted during the year <sup>3</sup>
- Non-deferred	₹3.83 crores <sup>2</sup>
h. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments	N.A.
i. Total amount of reductions during the financial year due to ex- post explicit adjustments	N.A.
j. Total amount of reductions during the financial year due to ex- post implicit adjustments	N.A.
k. Number of MRT's identified	29
l. Number of cases where	
- malus has been exercised	Nil
- clawback has been exercised	Nil
- both malus and clawback have been exercised	Nil
m. The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean -	
Mean pay of the Bank <sup>5</sup> -	₹968,407
Deviation of the pay of WTDs from the mean pay for the Bank -	
- MD & CEO	₹67,274,361
- WTD 1	₹34,781,287
- WTD 2	₹30,994,580

1. Includes MD & CEO/WTDs/and other MRTs based on the revised criteria given by RBI in its guideline dated 4 November, 2019. Variable remuneration includes cash bonus and stock options based on the revised criteria given by RBI in its guideline dated 4 November, 2019 that are granted during the year.

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2. Pertains to FY 2019-20 paid to MD & CEO, WTDs and other material risk takers.
3. Fair value is the weighted average fair value of stock options computed using Black-Scholes options pricing model as on the grant date.
4. Fixed pay includes basic salary, supplementary allowances, superannuation, contribution to provident fund, gratuity fund and value of perquisites. The value of perquisites is calculated as cost to the Bank.
5. Mean pay is computed on annualised fixed pay of all confirmed employees (excluding frontline sales force) as on 31 March, 2021. Fixed pay includes basic salary, supplementary allowances, superannuation, contribution to provident fund, gratuity fund and value of perquisites. The value of perquisites is calculated as cost to the Bank.
6. Numbers in the above quantitative disclosure for FY 2020-21 are not comparable with the previous year as the composition of MRTs has undergone a change in line with revised RBI guidelines dated 4 November, 2019.

The quantitative disclosures pertaining to the MD & CEO, Whole Time Directors and Other Risk Takers for the year ended 31 March, 2020 are given below:

Particulars	31 March, 2020
a. i) Number of meetings held by the Remuneration Committee (main body overseeing remuneration) during the financial year	6
ii) Remuneration paid to its members (sitting fees)	₹1,200,000
b. Number of employees having received a variable remuneration award during the financial year	36 <sup>1</sup>
c. Number and total amount of sign-on awards made during the financial year	N.A.
d. Number and total amount of guaranteed bonus awarded during the financial year, if any	N.A.
e. Details of severance pay, in addition to accrued benefits, if any	N.A.
f. Total amount of outstanding deferred remuneration, split into:	
- Cash	-
- Shares	-
- Share-linked instruments (number of unvested options outstanding as on 31 March)	3,845,300
g. Total amount of deferred remuneration paid out in the financial year:	
- Cash	Nil
- Share-linked instruments (number of stock options vested during the year)	2,790,750
h. Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred, different forms used:	
- Fixed	₹66.53 crores <sup>2</sup>
- Variable	₹14.23 crores <sup>1</sup>
- Deferred	Nil
- Non-deferred	₹14.23 crores <sup>1</sup>
- Share linked instruments (number of stock options granted during the year)	3,718,000
i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments	N.A.
j. Total amount of reductions during the financial year due to ex- post explicit adjustments	N.A.
k. Total amount of reductions during the financial year due to ex- post implicit adjustments	N.A.

1. Pertains to FY 2018-19 paid to MD & CEO, WTDs and other risk takers.
2. Fixed Remuneration includes basic salary, fixed allowance, leave fare concession, house rent allowance, super annuation allowance, certain other allowances, gratuity payout, leave encashment and contribution towards provident fund and superannuation fund. Payments in nature of reimbursements have been excluded from fixed remuneration.

### b) Disclosure for compensation of Non-executive Directors (Except Part-time Chairman):

	(₹ in crores)	
	31 March, 2021	31 March, 2020
a. Amount of remuneration paid during the year (pertains to preceding year)	Nil	0.95

- 2.1.36 The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by the Bank are as under:

		(₹ in crores)	
Sr. No.	Nature of Income	31 March, 2021	31 March, 2020
1.	For selling life insurance policies	963.52	692.02
2.	For selling non-life insurance policies	123.32	76.17
3.	For selling mutual fund products	330.84	291.94
4.	Others (wealth advisory, RBI and other bonds etc.)	35.48	57.07
	<b>Total</b>	<b>1,453.16</b>	<b>1,117.20</b>

- 2.1.37 The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

- 2.1.38 Amount of total assets, non-performing assets and revenue of overseas branches is given below:

		(₹ in crores)	
Particulars	31 March, 2021	31 March, 2020	
Total assets	53,097.50	53,673.52	
Total NPAs	3,270.44	4,420.07	
Total revenue	1,359.56	2,058.04	

- 2.1.39 During the years ended 31 March, 2021 and 31 March, 2020, the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO/Conversion/Switch auctions) did not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

- 2.1.40 Disclosure on transfers to Depositor Education and Awareness Fund (DEAF)

		(₹ in crores)	
Particulars	31 March, 2021	31 March, 2020	
Opening balance of amounts transferred to DEAF	232.51	161.53	
Add : Amounts transferred to DEAF during the year	106.71	73.92	
Less : Amounts reimbursed by DEAF towards claims*	(3.84)	(2.94)	
Closing balance of amounts transferred to DEAF	335.38	232.51	

\* includes ₹0.47 crores (previous year ₹0.38 crores) of claim raised and pending settlement with RBI

- 2.1.41 Disclosure on Intra-Group Exposures

		(₹ in crores)	
Particulars	31 March, 2021	31 March, 2020	
Total amount of intra-group exposures	5,790.67	3,377.94	
Total amount of top-20 intra-group exposures	5,790.65	3,377.89	
Percentage of intra-group exposures to total exposure of the Bank on borrowers/ customers	0.52	0.31	

During the years ended 31 March, 2021 and 31 March, 2020, the intra-group exposures were within the limits specified by RBI.

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

- 2.1.42 Unhedged Foreign Currency Exposure

The Bank has laid down the framework to manage credit risk arising out of unhedged foreign currency exposures of the borrowers. Both at the time of initial approval as well as subsequent reviews/renewals, the assessment of credit risk arising out of foreign currency exposure of the borrowers include details of imports, exports, repayments of foreign currency borrowings, as well as hedges done by the borrowers or naturally enjoyed by them vis-a-vis their intrinsic financial strength, history of hedging and losses arising out of foreign currency volatility. The extent of hedge/cover required on the total foreign currency exposure including natural hedge and hedged positions, is guided through a matrix of internal ratings. The hedging policy is applicable for existing as well as new clients with foreign currency exposures above a predefined threshold. The details of

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unhedged foreign currency exposure of customers for transactions undertaken through the Bank are monitored periodically. The Bank also maintains additional provision and capital, in line with RBI guidelines.

During the year ended 31 March, 2021, the Bank made provision of ₹215.58 crores (previous year write back of provision of ₹10.68 crores) towards unhedged foreign currency exposures. As on 31 March, 2021, the Bank held cumulative provision towards unhedged foreign currency exposures of ₹335.79 crores (previous year ₹120.21 crores).

As on 31 March, 2021, the Bank held incremental capital of ₹914.72 crores (previous year ₹490.15 crores) towards borrowers having unhedged foreign currency exposures.

### 2.1.43 Disclosure on provisioning pertaining to fraud accounts

Particulars	(₹ in crores)	
	31 March, 2021	31 March, 2020
Number of frauds reported during the year*	5,959	1,554
Amounts involved net of recoveries/write-offs	1,579.67	2,055.62
Provisions held at the beginning of the year	961.94	752.23
Provisions made during the year	597.67	1,297.01
Balance held in interest capitalisation accounts	4.87	5.44
Provisions held at the end of the year	1,564.48	2,054.68
Unamortised provision debited from 'other reserves' as at the end of the year	-	-

\* excluding 94 cases of advances (previous year 72 cases) amounting to ₹2,476.70 crores (previous year ₹2,515.37 crores) reported as fraud during the year and subsequently prudentially written off within the financial year

### 2.1.44 Disclosure on provisioning pertaining to Land held under 'Non-Banking assets acquired in satisfaction of claims'

Particulars	(₹ in crores)	
	31 March, 2021	31 March, 2020
Amount of Land held under 'Non-Banking assets acquired in satisfaction of claims'	2,068.24	2,068.24
Provisions made during the year by debiting profit and loss account	-	1,605.28
Provisions reversed during the year*	-	(140.37)
Provisions held at the end of the year by debiting profit and loss account	2,068.24	2,068.24
Unamortised provision debited from 'Balance in profit and loss account' under 'Reserves and Surplus'	-	-

\* during the previous year ended 31 March, 2020, the Bank sold a parcel of land with a book value of ₹140.37 crores

### 2.1.45 Detail of Priority Sector Lending Certificates (PSLC) purchased by the Bank are set out below:

Category	(₹ in crores)	
	31 March, 2021	31 March, 2020
PSLC – Small & Micro Farmers	49,750.50	23,830.00
PSLC – General	-	9,900.00
PSLC – Micro Enterprises	9,970.00	8,790.50
PSLC – Agriculture	-	5,800.00
<b>Total</b>	<b>59,720.50</b>	<b>48,320.50</b>

Details of PSLCs sold by the Bank are set out below:

Category	(₹ in crores)	
	31 March, 2021	31 March, 2020
PSLC – General	49,975.50	44,320.00
PSLC – Micro Enterprises	-	4,000.00
<b>Total</b>	<b>49,975.50</b>	<b>48,320.00</b>

During the year ended 31 March, 2021, the Bank incurred a cost of ₹1,013.69 crores (previous year ₹610.58 crores) towards purchase of PSLCs which forms part of 'Other Expenditure' under Schedule 16 of the Profit and Loss Account. Further, during the year ended 31 March, 2021, the Bank also earned fees of ₹218.19 crores (previous year ₹74.87 crores) on sale of PSLCs which forms part of 'Miscellaneous Income' under Schedule 14 of the Profit and Loss Account.

2.1.46 In accordance with the instructions in RBI circular dated 7 April, 2021 on 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package', the Bank shall refund / adjust 'interest on interest' charged to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. As required by the RBI notification, the methodology for calculation of such interest on interest has recently been circulated by the Indian Banks' Association. The Bank is in the process of suitably implementing this methodology.

As on 31 March, 2021, the Bank holds a specific liability of ₹163 crores, which was created by debiting interest income, to meet its obligation towards refund of interest on interest to eligible borrowers as prescribed by the RBI. In addition to this specific liability of ₹163 crores, the Bank holds provisions towards Covid-19 risks. The management is of the opinion that the provisions held for Covid-19 risks, are adequate for meeting obligations arising from a shortfall, if any, in the specific liability.

2.1.47 Disclosure on Liquidity Coverage Ratio

#### **Qualitative disclosure**

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR). The mandated regulatory threshold is embedded into the Risk Appetite Statement of the Bank thus subjecting LCR maintenance to Board oversight and periodical review. The Bank computes the LCR and reports the same to the Asset Liability Management Committee (ALCO) every month for review as well as to the Risk Management Committee of the Board.

The Bank computes LCR on a daily basis and in accordance with RBI guidelines the quarterly disclosures of LCR contain data on the simple average calculated on daily observations over the quarter.

The Bank follows the criteria laid down by RBI for calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises Government securities viz. Treasury Bills, Central and State Government securities. A relatively smaller part of HQLA is accounted for by the corporate bonds with mandated haircuts applied thereto.

The Bank monitors the concentration of funding sources from significant counterparties, significant instruments/products as part of the asset liability management framework. The Bank adheres to the regulatory and internal limits on Inter-bank liability and call money borrowings which form part of the ALM policy. The Bank's funding sources are fairly dispersed across sources and maturities.

Expected derivative cash outflows and inflows are calculated for outstanding contracts in accordance with laid down valuation methodologies. Cash flows, if any, from collaterals posted against derivatives are not considered.

Apart from the LCR position in all currencies put together, the Bank monitors the LCR in US Dollar currency which qualifies as a significant currency as per RBI guidelines.

The liquidity risk management of the Bank is undertaken by the Asset Liability Management group in the Treasury in accordance with the Board approved policies and ALCO approved funding plans. The Risk department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits, for both domestic as well as overseas operations, on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and periodical liquidity stress testing. Periodical reports are placed before the Bank's ALCO for perusal and review.

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation template.

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### Quantitative disclosure

(₹ in crores)

	Quarter ended 31 March, 2021		Quarter ended 31 December, 2020		Quarter ended 30 September, 2020		Quarter ended 30 June, 2020	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>								
1 Total High Quality Liquid Assets (HQLAs)		197,825.03		172,647.49		177,830.91		180,564.29
<b>Cash Outflows</b>								
2 Retail Deposits and deposits from small business customers, of which:	382,043.16	31,006.34	370,328.35	30,005.19	363,858.98	29,489.07	355,785.45	28,871.26
(i) Stable Deposits	143,959.42	7,197.97	141,012.77	7,050.64	137,936.62	6,896.83	134,145.68	6,707.28
(ii) Less Stable Deposits	238,083.74	23,808.37	229,315.58	22,954.55	225,922.36	22,592.24	221,639.77	22,163.98
3 Unsecured wholesale funding, of which:	233,672.25	141,482.43	214,800.77	132,995.54	211,215.97	119,735.03	210,254.67	115,564.14
(i) Operational deposits (all counterparties)	14,077.17	3,497.65	14,030.69	3,486.10	14,275.58	3,550.84	16,397.46	4,081.17
(ii) Non-operational deposits (all counterparties)	219,595.08	137,984.78	200,770.08	129,509.44	196,940.39	116,184.19	193,857.21	111,482.97
(iii) Unsecured debt	-	-	-	-	-	-	-	-
4 Secured wholesale funding		-		-		-		-
5 Additional requirements, of which	43,938.70	37,823.66	38,665.77	33,723.09	35,013.06	28,967.11	32,437.63	27,489.06
(i) Outflows related to derivative exposures and other collateral requirements	35,513.01	35,513.01	31,720.80	31,720.80	27,027.88	27,027.88	25,248.29	25,248.29
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	8,425.69	2,310.65	6,944.97	2,002.29	7,985.18	1,939.23	7,189.34	2,240.77
6 Other contractual funding obligations	6,943.65	6,943.65	5,159.03	5,159.03	4,995.25	4,995.25	4,951.65	4,951.65
7 Other contingent funding obligations	309,154.36	13,195.18	294,337.52	12,638.39	269,756.08	11,526.35	268,102.14	11,441.97
<b>8 Total Cash Outflows</b>		<b>230,451.26</b>		<b>214,521.24</b>		<b>194,712.81</b>		<b>188,318.08</b>
<b>Cash Inflows</b>								
9 Secured lending (eg. reverse repo)	23,793.72	-	11,122.59	-	24,684.31	-	42,004.62	-
10 Inflows from fully performing exposures	36,566.49	24,975.50	30,334.92	21,309.24	21,645.34	16,321.40	17,463.34	14,477.95
11 Other cash inflows	33,661.34	33,661.34	29,922.91	29,922.91	25,353.65	25,353.65	23,652.26	23,652.26
<b>12 Total Cash Inflows</b>	<b>94,021.55</b>	<b>58,636.84</b>	<b>71,380.42</b>	<b>51,232.15</b>	<b>71,683.30</b>	<b>41,675.05</b>	<b>83,120.22</b>	<b>38,130.21</b>
	Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
21 Total HQLA		<b>197,825.03</b>		<b>172,647.49</b>		<b>177,830.91</b>		<b>180,564.29</b>
22 Total Net Cash Outflows		<b>171,814.42</b>		<b>163,289.09</b>		<b>153,037.76</b>		<b>150,187.87</b>
23 Liquidity Coverage Ratio %		<b>115.14%</b>		<b>105.73%</b>		<b>116.20%</b>		<b>120.23%</b>

Notes:

- 1) Average for all the quarters is simple average of daily observations for the quarter.
- 2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

(₹ in crores)

	Quarter ended 31 March, 2020		Quarter ended 31 December, 2019		Quarter ended 30 September, 2019		Quarter ended 30 June, 2019	
	Total Unweighted Value(average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value(average)	TotalWeighted Value(average)
<b>High Quality Liquid Assets</b>								
1 Total High Quality Liquid Assets (HQLAs)		153,367.16		136,689.42		131,204.91		131,403.54
<b>Cash Outflows</b>								
2 Retail Deposits and deposits from small business customers, of which:	343,438.06	29,290.56	332,402.80	30,483.28	316,993.94	29,016.38	308,585.60	28,213.84
(i) Stable Deposits	101,064.99	5,053.25	55,139.77	2,756.99	53,660.26	2,683.01	52,894.53	2,644.73
(ii) Less Stable Deposits	242,373.07	24,237.31	277,263.03	27,726.29	263,333.68	26,333.37	255,691.07	25,569.11
3 Unsecured wholesale funding, of which :	188,919.86	106,484.32	173,900.62	87,383.69	158,269.16	79,179.07	163,736.68	82,229.45
(i) Operational deposits (all counterparties)	12,446.47	3,091.07	40,926.39	10,219.61	40,975.45	10,232.28	45,252.80	11,301.58
(ii) Non-operational deposits (all counterparties)	176,473.39	103,393.25	132,974.23	77,164.08	117,293.71	68,946.79	118,483.88	70,927.87
(iii) Unsecured debt	-	-	-	-	-	-	-	-
4 Secured wholesale funding		205.42		30.76		-		-
5 Additional requirements, of which	41,661.37	37,484.42	29,064.70	23,845.67	29,973.51	24,432.21	31,272.56	25,562.49
(i) Outflows related to derivative exposures and other collateral requirements	35,283.57	35,283.57	20,856.03	20,856.03	19,769.56	19,769.56	24,356.76	24,356.76
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	6,377.80	2,200.85	8,208.67	2,989.64	10,203.95	4,662.65	6,915.80	1,205.73
6 Other contractual funding obligations	5,186.45	5,186.45	5,329.08	5,329.08	5,567.56	5,567.56	5,993.94	5,993.94
7 Other contingent funding obligations	259,508.03	10,958.57	260,446.40	10,975.47	263,394.18	11,116.33	240,539.04	9,882.59
<b>8 Total Cash Outflows</b>		<b>189,609.74</b>		<b>158,047.95</b>		<b>149,311.55</b>		<b>151,882.31</b>
<b>Cash Inflows</b>								
9 Secured lending (eg. reverse repo)	28,920.03	-	15,742.82	-	6,085.12	-	7,475.08	-
10 Inflows from fully performing exposures	29,834.23	20,486.21	26,837.93	18,100.37	29,440.23	21,375.26	32,929.08	23,639.66
11 Other cash inflows	33,896.15	33,896.15	19,463.48	19,463.48	18,595.27	18,595.27	23,694.78	23,694.78
<b>12 Total Cash Inflows</b>	<b>92,650.41</b>	<b>54,382.36</b>	<b>62,044.23</b>	<b>37,563.85</b>	<b>54,120.62</b>	<b>39,970.53</b>	<b>64,098.94</b>	<b>47,334.44</b>
	Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
21 Total HQLA		153,367.16		136,689.42		131,204.91		131,403.54
22 Total Net Cash Outflows		135,227.38		120,484.10		109,341.02		104,547.87
23 Liquidity Coverage Ratio %		113.41%		113.45%		120.00%		125.69%

Notes:

- 1) Average for all the quarters is simple average of daily observations for the quarter.
- 2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.
- 3) In compliance with the RBI directive received, the Bank has computed LCR as per the revised definition of 'Operational Deposits' with effect from 20 December, 2019. As a result, the LCR for the quarter ended 31 March, 2020 is strictly not comparable with the LCR reported for previous quarters.

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### 2.2 Other disclosures

2.2.1 During the year, the Bank has appropriated ₹848.23 crores (previous year ₹340.46 crores) to the Capital Reserve, net of taxes and transfer to Statutory Reserve, being the gain on sale of HTM investments in accordance with RBI guidelines. During the previous year, the Bank also appropriated ₹0.06 crores to the Capital Reserve, net of taxes and transfer to Statutory Reserve, being the profit on sale of immovable property.

2.2.2 During the year, the Bank has appropriated ₹326.00 crores (previous year ₹328.00 crores) to the Investment Fluctuation Reserve in accordance with RBI guidelines.

2.2.3 During the year, the Bank has transferred ₹8.98 crores from the Reserve Fund account to Balance in Profit and Loss account post closure of Colombo branch operations. During the previous year, the Bank appropriated ₹0.85 crores to Reserve Fund account towards statutory reserve in accordance with guidelines issued by Central Bank of Sri Lanka in respect of Colombo branch operations.

2.2.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

Category	31 March, 2021	31 March, 2020
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	6,588.50	1,627.22
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 (₹)	22.15	5.99
Diluted EPS (₹)	22.09	5.97
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).

2.2.5 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



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)	6,588.50	1,627.22
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>6,442.97</b>	<b>1,490.15</b>
<b>Earnings per share: Basic (in ₹)</b>		
As reported	22.15	5.99
Proforma	21.66	5.49
<b>Earnings per share: Diluted (in ₹)</b>		
As reported	22.09	5.97
Proforma	21.61	5.47

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.

## Standalone Financial Statements

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.

### 2.2.6 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.

### 2.2.7 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 based on the RBI's revised guidelines on Segment Reporting issued on 18 April, 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under.

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

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, provision for COVID-19 over and above regulatory requirement etc.

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

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

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

Segmental results are set out below:

(₹ in crores)

	31 March, 2021				Total
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	
<b>Segment Revenue</b>					
Gross interest income (external customers)	15,802.61	17,388.98	30,294.14	159.56	63,645.29
Other income	3,984.02	3,564.43	5,832.31	1,457.44	14,838.20
<b>Total income as per Profit and Loss Account</b>	<b>19,786.63</b>	<b>20,953.41</b>	<b>36,126.45</b>	<b>1,617.00</b>	<b>78,483.49</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>20,508.41</b>	<b>27,006.46</b>	<b>63,273.41</b>	<b>1,617.01</b>	<b>112,405.29</b>
Less: Interest expense (external customers)	13,013.86	996.22	20,396.09	-	34,406.17
Less: Inter segment interest expense	1,528.56	12,868.66	19,523.71	0.87	33,921.80
Less: Operating expenses	242.94	4,863.63	12,862.66	405.92	18,375.15
<b>Operating profit</b>	<b>5,723.05</b>	<b>8,277.95</b>	<b>10,490.95</b>	<b>1,210.22</b>	<b>25,702.17</b>
Less: Provision for non-performing assets/ others*	2,258.13	6,584.77	8,052.69	0.74	16,896.33
Less: Unallocated Provision for other contingencies					-
<b>Segment result</b>	<b>3,464.92</b>	<b>1,693.18</b>	<b>2,438.26</b>	<b>1,209.48</b>	<b>8,805.84</b>
Less: Provision for tax					2,217.34
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>6,588.50</b>
Segment assets	348,716.95	281,270.28	357,256.83	277.25	987,521.31
Unallocated assets					8,597.11
<b>Total assets</b>					<b>996,118.42</b>
Segment liabilities	262,476.41	166,570.97	463,395.24	82.09	892,524.71
Unallocated liabilities					1,990.70
<b>Total liabilities</b>					<b>894,515.41</b>
<b>Net assets</b>	<b>86,240.54</b>	<b>114,699.31</b>	<b>(106,138.41)</b>	<b>195.16</b>	<b>101,603.01</b>
<b>Capital expenditure for the year</b>	11.07	344.53	900.42	10.24	1,266.26
<b>Depreciation on fixed assets for the year</b>	8.29	257.98	674.21	7.67	948.15

\* represents material non-cash items other than depreciation

## Standalone Financial Statements

(₹ in crores)

	31 March, 2020				Total
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	
<b>Segment Revenue</b>					
Gross interest income (external customers)	14,574.22	18,538.09	29,522.85	-	62,635.16
Other income	3,988.16	3,852.72	6,453.32	1,242.36	15,536.56
<b>Total income as per Profit and Loss Account</b>	<b>18,562.38</b>	<b>22,390.81</b>	<b>35,976.17</b>	<b>1,242.36</b>	<b>78,171.72</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>23,375.42</b>	<b>28,915.34</b>	<b>61,299.26</b>	<b>1,242.37</b>	<b>114,832.39</b>
Less: Interest expense (external customers)	16,345.72	1,241.93	19,841.31	-	37,428.96
Less: Inter segment interest expense	2,299.55	14,464.23	19,896.23	0.66	36,660.67
Less: Operating expenses	302.09	4,413.50	12,267.84	321.19	17,304.62
<b>Operating profit</b>	<b>4,428.06</b>	<b>8,795.68</b>	<b>9,293.88</b>	<b>920.52</b>	<b>23,438.14</b>
Less: Provision for non-performing assets/ others*	2,599.64	9,726.06	4,325.55	0.38	16,651.63
Less: Unallocated Provision for other contingencies#					1,882.28
<b>Segment result</b>	<b>1,828.42</b>	<b>(930.38)</b>	<b>4,968.33</b>	<b>920.14</b>	<b>4,904.23</b>
Less: Provision for tax					3,277.01
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>1,627.22</b>
Segment assets	320,153.31	257,557.11	328,156.61	283.88	906,150.91
Unallocated assets					9,013.91
<b>Total assets</b>					<b>915,164.82</b>
Segment liabilities	291,911.84	132,443.67	403,812.82	63.49	828,231.82
Unallocated liabilities					1,985.15
<b>Total liabilities</b>					<b>830,216.97</b>
<b>Net assets</b>	<b>28,241.47</b>	<b>125,113.44</b>	<b>(75,656.21)</b>	<b>220.39</b>	<b>84,947.85</b>
<b>Capital expenditure for the year</b>	6.89	229.82	624.99	8.66	870.36
<b>Depreciation on fixed assets for the year</b>	6.12	204.10	555.04	7.69	772.95

\* represents material non-cash items other than depreciation

# represents provision for COVID-19 over and above regulatory requirement

### 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	77,123.93	76,113.68	1,359.56	2,058.04	78,483.49	78,171.72
Assets	943,020.92	861,491.30	53,097.50	53,673.52	996,118.42	915,164.82
Capital Expenditure for the year	1,264.11	869.05	2.15	1.31	1,266.26	870.36
Depreciation on fixed assets for the year	947.31	771.16	0.84	1.79	948.15	772.95

## 2.2.8 Related party disclosure

The related parties of the Bank are broadly classified as:

**a) Promoters**

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation, 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.

**d) Subsidiary Companies**

- Axis Capital Limited
- Axis Private Equity Limited\*
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited
- Axis Bank UK Limited
- Axis Finance Limited
- Axis Securities Limited
- A.Treds Limited
- Accelyst Solutions Private Limited\*
- Freecharge Payment Technologies Private Limited

\* During the year ended 31 March, 2021, the merger of 2 subsidiaries - Axis Private Equity Limited with Axis Finance Limited and of Accelyst Solutions Private Limited with Freecharge Payment Technologies

## Standalone Financial Statements

Private Limited was completed pursuant to receipt of regulatory approvals with appointed dates being 1 April, 2017 and 7 October, 2017 respectively. Accordingly, disclosures for the year ended/as on 31 March, 2021 are presented on an aggregate basis considering the effect of merger for the respective subsidiaries.

### e) Step down subsidiary companies

- Axis Capital USA LLC

Based on RBI guidelines, details of transactions with step down subsidiaries are not disclosed since there is only one entity/party in this category.

The details of transactions of the Bank 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>	Subsidiaries	Total
Dividend paid	-	-	-	-	-
Dividend received	-	-	-	58.35	58.35
Interest paid	325.49	0.44	0.38	14.77	341.08
Interest received	0.03	0.23	-	9.14	9.40
Investment of the Bank	-	-	-	6.70	6.70
Investment in non-equity instruments of related party	-	-	-	300.00	300.00
Investment of related party in the Bank	-	8.83	-	-	8.83
Redemption of Hybrid capital/Bonds of the Bank	-	-	-	-	-
Purchase of investments	-	-	-	-	-
Sale of investments	2,227.52	-	-	24.99	2,252.51
Management contracts	-	-	-	7.46	7.46
Remuneration paid	-	13.45	-	-	13.45
Contribution to employee benefit fund	14.33	-	-	-	14.33
Placement of deposits	1.59	-	-	-	1.59
Call/Term lending to related party	-	-	-	-	-
Repayment of Call/Term lending by related party	-	-	-	-	-
Swaps/Forward contracts	-	-	-	474.45	474.45
Advance granted (net)	-	0.90	-	100.35	101.25
Advance repaid	0.23	0.71	-	351.28	352.22
Purchase of loans	-	-	-	338.97	338.97
Receiving of services	258.68	-	-	245.17	503.85
Rendering of services	52.13	-	-	32.96	85.09
Sale/Purchase of foreign exchange currency to /from related party	-	0.32	0.19	-	0.51
Royalty received	-	-	-	3.69	3.69
Other reimbursements from related party	-	-	-	8.66	8.66
Other reimbursements to related party	0.25	-	-	1.03	1.28

<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 Bank as on 31 March, 2021 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel <sup>#</sup>	Subsidiaries	Total
Deposits with the Bank	6,587.83	2.46	6.04	663.55	7,259.88
Placement of security deposits	1.90	-	-	-	1.90
Advances	1.08	5.04	0.02	100.69	106.83
Investment of the Bank	-	-	-	2,299.52	2,299.52
Investment in non-equity instruments of related party	-	-	-	300.00	300.00
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)	-	-	-	3.85	3.85
Other payables (net)	-	-	-	46.14	46.14

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

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	11,706.70	16.49	6.59	1,344.69	13,074.47
Placement of deposits	1.90	-	-	-	1.90
Advances	8.03	5.68	0.08	590.33	604.12
Investment of the Bank	-	-	-	2,299.52	2,299.52
Investment of related party in the Bank	88.56	0.10	-	-	88.66
Investment in non-equity instruments of related party	-	-	-	300.00	300.00
Non-funded commitments	3.32	-	-	-	3.32
Call lending	-	-	-	-	-
Swaps/Forward contracts	-	-	-	236.95	236.95
Investment of related party in Hybrid Capital/Bonds of the Bank	2,760.00	-	-	-	2,760.00
Other receivables (net)	-	-	-	6.13	6.13
Other payables (net)	-	-	-	51.63	51.63

## Standalone Financial Statements

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

Items/Related Party	(₹ in crores)				
	Promoters	Key Management Personnel	Relatives of Key Management Personnel <sup>#</sup>	Subsidiaries	Total
Dividend paid	46.04	0.04	-	-	<b>46.08</b>
Dividend received	-	-	-	240.26	<b>240.26</b>
Interest paid	551.48	1.07	0.15	15.57	<b>568.27</b>
Interest received	0.19	0.26	-	53.95	<b>54.40</b>
Investment of the Bank	-	-	-	6.70	<b>6.70</b>
Investment in non-equity instruments of related party	-	-	-	45.00	<b>45.00</b>
Investment of related party in the Bank	-	5.44	-	-	<b>5.44</b>
Redemption of Hybrid capital/Bonds of the Bank	55.00	-	-	-	<b>55.00</b>
Purchase of investments	-	-	-	369.16	<b>369.16</b>
Sale of investments	1,318.04	-	-	-	<b>1,318.04</b>
Management contracts	-	-	-	12.87	<b>12.87</b>
Remuneration paid	-	15.84	-	-	<b>15.84</b>
Contribution to employee benefit fund	15.42	-	-	-	<b>15.42</b>
Call/Term lending to related party	-	-	-	55.61	<b>55.61</b>
Repayment of Call/Term lending by related party	-	-	-	55.61	<b>55.61</b>
Swaps/Forward contracts	-	-	-	79.34	<b>79.34</b>
Advance granted (net)	-	-	-	0.45	<b>0.45</b>
Advance repaid	5.31	6.01	-	86.47	<b>97.79</b>
Purchase of loans	-	-	-	-	<b>-</b>
Receiving of services	202.74	-	-	178.55	<b>381.29</b>
Rendering of services	29.38	0.01	-	50.60	<b>79.99</b>
Sale/Purchase of foreign exchange currency to /from related party	-	1.48	0.03	-	<b>1.51</b>
Royalty received	-	-	-	3.03	<b>3.03</b>
Other reimbursements from related party	-	-	-	37.77	<b>37.77</b>
Other reimbursements to related party	0.19	-	-	10.53	<b>10.72</b>

<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 Bank as on 31 March, 2020 are given below:

Items/Related Party	(₹ in crores)				
	Promoters	Key Management Personnel	Relatives of Key Management Personnel <sup>#</sup>	Subsidiaries	Total
Deposits with the Bank	7,119.06	16.01	5.99	565.88	<b>7,706.94</b>
Placement of security deposits	0.31	-	-	-	<b>0.31</b>
Advances	1.31	4.85	0.03	351.56	<b>375.75</b>
Investment of the Bank	-	-	-	2,292.82	<b>2,292.82</b>
Investment in non-equity instruments of related party	-	-	-	-	-
Investment of related party in the Bank	88.56	0.08	-	-	<b>88.64</b>
Non-funded commitments	3.32	-	-	-	<b>3.32</b>
Investment of related party in Hybrid capital/ Bonds of the Bank	2,760.00	-	-	-	<b>2,760.00</b>
Other receivables (net)	-	-	-	6.13	<b>6.13</b>
Other payables (net)	-	-	-	26.64	<b>26.64</b>

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

Items/Related Party	(₹ in crores)				
	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	16,652.92	20.86	5.99	1,106.09	<b>17,785.86</b>
Placement of deposits	0.31	-	-	-	<b>0.31</b>
Advances	11.51	10.99	0.06	1,473.93	<b>1,496.49</b>
Investment of the Bank	-	-	-	2,292.82	<b>2,292.82</b>
Investment of related party in the Bank	93.60	0.09	-	-	<b>93.69</b>
Investment in non-equity instruments of related party	290.05	-	-	-	<b>290.05</b>
Non-funded commitments	3.33	-	-	-	<b>3.33</b>
Call lending	-	-	-	55.61	<b>55.61</b>
Swaps/Forward contracts	-	-	-	1.51	<b>1.51</b>
Investment of related party in Hybrid Capital/ Bonds of the Bank	2,815.00	-	-	-	<b>2,815.00</b>
Other receivables (net)	-	-	-	17.94	<b>17.94</b>
Other payables (net)	-	-	-	88.19	<b>88.19</b>

The transactions with Promoters and Key Management Personnel excluding those under management contracts are in nature of the banker-customer relationship.

Details of transactions with Axis Mutual Fund the fund floated by Axis Asset Management Company Ltd., the Bank's subsidiary has not been disclosed since the entity does not qualify as Related Parties as defined under the Accounting Standard 18, Related Party Disclosure, as notified under Section 2(2) and Section 133 of the Companies Act, 2013 and as per RBI guidelines.

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The significant transactions between the Bank 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:

Particulars	(₹ in crores)	
	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>Dividend received</b>		
Axis Securities Limited	-	33.23
Axis Bank UK Limited	-	31.07
Axis Finance Limited	-	120.19
Axis Capital Limited	44.10	42.26
Axis Trustee Services Limited	14.25	13.50
<b>Interest paid</b>		
Life Insurance Corporation of India	216.43	433.28
Administrator of the Specified Undertaking of the Unit Trust of India	37.02	44.52
General Insurance Corporation Co. Limited	40.22	12.29
<b>Interest received</b>		
Axis Finance Limited	7.90	52.28
Axis Bank UK Limited	-	0.06
<b>Investment in Subsidiaries</b>		
A.Treds Limited	6.70	6.70
<b>Investment in non-equity instruments of related party</b>		
Axis Finance Limited	300.00	45.00
<b>Investment of related party in the Bank</b>		
Mr. Rajiv Anand	4.82	2.62
Mr. Rajesh Dahiya	4.01	2.82
<b>Purchase of Investments</b>		
Axis Bank UK Limited	-	369.16
<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
Oriental Insurance Co. Limited	97.00	99.85
National Insurance Co. Limited	265.00	60.00
<b>Management contracts</b>		
Axis Securities Limited	0.75	3.97
A. Treds Limited	3.54	4.52
Axis Capital Limited	1.77	2.09
Axis Trustee Services Limited	1.40	2.29
<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

Particulars	31 March, 2021	31 March, 2020
<b>Placement of deposits</b>		
Life Insurance Corporation of India	1.59	-
<b>Repayment of Call/Term lending by related party</b>		
Axis Bank UK Limited	-	55.61
<b>Swaps/Forward contracts</b>		
Axis Bank UK Limited	474.45	79.34
<b>Advance granted (net)</b>		
Axis Asset Management Company Limited	0.24	0.37
Axis Securities Limited	-	0.08
Axis Finance Limited	100.11	-
<b>Advance repaid</b>		
Axis Capital Limited	-	19.54
Axis Finance Limited	351.09	64.32
<b>Purchase of loans</b>		
Axis Bank UK Limited	338.97	-
<b>Receiving of services</b>		
New India Assurance Co. Limited	77.56	88.90
Oriental Insurance Co. Limited	135.25	93.87
Freecharge Payment Technologies Private Limited	216.51	109.67
Accelyst Solutions Private Limited	N.A.	46.09
Axis Securities Limited	0.10	10.39
<b>Rendering of services</b>		
Life Insurance Corporation of India	51.07	28.22
Axis Securities Limited	0.92	10.95
Axis Asset Management Company Limited	13.14	24.75
<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>Royalty received</b>		
Axis Asset Management Company Limited	0.93	0.70
Axis Capital Limited	0.57	0.36
Axis Finance Limited	1.55	1.51
Axis Securities Limited	0.59	0.27
<b>Other reimbursements from related party</b>		
Axis Securities Limited	0.88	29.10
Axis Capital Limited	3.09	3.90
Freecharge Payment Technologies Private Limited	0.21	0.14
Accelyst Solutions Private Limited	N.A.	0.49
Axis Asset Management Company Limited	2.04	1.99
Axis Finance Limited	1.82	1.42
<b>Other reimbursements to related party</b>		
Axis Securities Limited	0.02	5.85
Life Insurance Corporation of India	0.25	0.19
Axis Capital Limited	0.19	0.26
Axis Bank UK Limited	0.20	4.40
Freecharge Payment Technologies Private Limited	0.62	0.01

## Standalone Financial Statements

### 2.2.9 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	904.27	850.65
- Later than one year and not later than five years	3,077.34	2,787.14
- Later than five years	4,327.12	3,008.19
Total of minimum lease payments recognised in the Profit and Loss Account for the year	958.97	914.17
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	1.11	5.93
Sub-lease payments recognised in the Profit and Loss Account for the year	1.46	1.33

The Bank has sub-leased certain of its properties taken on lease.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

#### 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.

### 2.2.10 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	1,791.38	1,610.96
Additions during the year*	450.45	207.34
Deductions during the year	(38.73)	(26.92)
Accumulated depreciation as at 31 March	(1,500.58)	(1,260.53)
<b>Closing balance as at 31 March</b>	<b>702.52</b>	<b>530.85</b>
Depreciation charge for the year	264.69	224.28

\* includes movement on account of exchange rate fluctuation

- 2.2.11 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 loan losses	5,936.99	5,932.33
Deferred tax assets on account of amortisation of HTM investments	5.01	5.01
Deferred tax assets on account of provision for employee benefits	9.15	9.05
Deferred tax assets on account of other items	1,610.66	1,366.12
<b>Deferred tax assets</b>	<b>7,561.81</b>	<b>7,312.51</b>
Deferred tax liabilities on account of depreciation on fixed assets	32.11	43.41
Deferred tax liabilities on account of other items	9.93	14.13
<b>Deferred tax liabilities</b>	<b>42.04</b>	<b>57.54</b>
<b>Net Deferred tax assets</b>	<b>7,519.77</b>	<b>7,254.97</b>

During the previous year ended 31 March, 2020, the Bank 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 for the year ended 31 March, 2020 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. The restatement resulted in a write down of ₹2,137.59 crores which was fully charged to the Profit and Loss account during the previous year.

- 2.2.12 Employee Benefits

### Provident Fund

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

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Provident Fund benefit plan (including staff deputed at subsidiaries).

#### 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/(Liability)</b>	<b>-</b>	<b>-</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	-	-
Assets	-	-
<b>Net Asset/Liability</b>	<b>-</b>	<b>-</b>

## Standalone Financial Statements

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%

The contribution to the employee's provident fund (including Employee Pension Scheme) amounted to ₹231.37 crores (previous year ₹197.75 crores) for the year.

### Superannuation

The Bank contributed ₹14.21 crores (previous year ₹15.24 crores) to the employees' superannuation plan for the year.

### National Pension Scheme (NPS)

During the year, the Bank contributed ₹6.82 crores (previous year ₹6.35 crores) to the NPS for employees who have opted for the scheme.

### Leave Encashment

The liability of compensated absences of accumulated privileged leave of employees of the Bank is given below:  
(₹ in crores)

	31 March, 2021	31 March, 2020
Liability – Privilege Leave	-	58.10
<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>	<b>-</b>	<b>(8.99)</b>

### Gratuity

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

#### Profit and Loss Account

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

	31 March, 2021	31 March, 2020
Current Service Cost	61.59	50.81
Interest on Defined Benefit Obligation	32.17	32.95
Expected Return on Plan Assets	(34.55)	(29.60)
Net Actuarial Losses/(Gains) recognised in the year	(24.70)	40.95
Past Service Cost	0.78	0.78
<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>	<b>35.29</b>	<b>95.89</b>
Actual Return on Plan Assets	40.93	22.86

#### Balance Sheet

Details of provision for gratuity

	31 March, 2021	31 March, 2020
Fair Value of Plan Assets	508.22	467.75
Present Value of Funded Obligations	(516.43)	(469.30)
Unrecognised past service cost	0.77	1.55
<b>Net Asset/ (Liability)</b>	<b>(7.44)</b>	<b>-</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	7.44	-
Assets	-	-
<b>Net Liability (included under Schedule 5 – Other Liabilities)</b>	<b>(7.44)</b>	<b>-</b>

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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	469.30	402.15
Current Service Cost	61.59	50.81
Interest Cost	32.17	32.95
Actuarial Losses/(Gains)	(18.32)	34.21
Past service cost	-	-
Benefits Paid	(28.31)	(50.82)
<b>Closing Defined Benefit Obligation</b>	<b>516.43</b>	<b>469.30</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	467.75	391.91
Expected Return on Plan Assets	34.55	29.60
Actuarial Gains/(Losses)	6.38	(6.74)
Contributions by Employer	27.85	103.80
Benefits Paid	(28.31)	(50.82)
<b>Closing Fair Value of Plan Assets</b>	<b>508.22</b>	<b>467.75</b>

Experience adjustments

	(₹ in crores)				
	31 March, 2021	31 March, 2020	31 March, 2019	31 March, 2018	31 March, 2017
Defined Benefit Obligations	516.43	469.30	402.15	342.56	284.83
Plan Assets	508.22	467.75	391.91	323.72	279.65
Surplus/(Deficit)	(8.21)	(1.55)	(10.24)	(18.84)	(5.18)
Experience Adjustments on Plan Liabilities	(9.28)	(8.33)	7.50	4.39	6.64
Experience Adjustments on Plan Assets	6.38	(6.74)	9.36	4.59	(1.64)

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

	31 March, 2021 (in percentage)	31 March, 2020 (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

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 & above (age in years)	8.00%	8.00%



The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

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

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

The 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.

#### 2.2.13 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>	266.10

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	2,842.99	187.99
Provision made during the year	287.09	2,655.00
Reductions during the year	(123.83)	-
<b>Closing provision at the end of the year</b>	<b>3,006.25</b>	<b>2,842.99</b>

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

#### 2.2.14 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:

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(₹ 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 year ended 31 March, 2020.

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

### 2.2.15 Corporate Social Responsibility (CSR)

- Amount required to be spent by the Bank on CSR during the year ₹90.65 crores (previous year ₹100.62 crores).
- Amount spent towards CSR during the year and recognized as expense in the statement of profit and loss on CSR related activities is ₹90.93 crores (previous year ₹100.96 crores), which comprises 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	85.06	5.87	90.93	95.33	5.35	100.68

### 2.2.16 Description of contingent liabilities

- Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities which are disputed by the Bank. In addition, the Bank holds provision of ₹81.76 crores as on 31 March, 2021 (previous year ₹68.88 crores) towards claims assessed as probable.

- Liability for partly paid investments

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

- Liability on account of forward exchange and derivative contracts

The Bank 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 OTC 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 buyer 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

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

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

# Independent Auditor's Report

To the Members of Axis Bank Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of **Axis Bank Limited** (hereinafter referred to as "the Bank") and its subsidiaries (the Bank and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, their consolidated profit and their consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Emphasis of Matter

We draw attention to Note 1.2 of schedule 18 to the consolidated financial statements which explains that the extent to which COVID-19 pandemic will impact the group's operations and financial results is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key audit matters	How our audit addressed the key audit matter
1.	<b>Information Technology (IT) Controls Framework</b>  The Bank has a complex IT architecture to support its day to day business operations. The volume of transactions processed and recorded is huge. Moreover, a transaction may be required to be recorded across multiple applications depending upon the process and each application has different rules and a different set of user access and authority matrix. These applications are interlinked using different technologies so that data transfer happens in real time or at a particular time of the day; in batches or at a transaction level and in an automated manner or manually. The Core Banking Solution (CBS) itself has many interfaces. All these data streams directly affect the financial accounting and reporting process of the Bank.	 IT audit specialists are an integral part of our engagement team. Our approach of testing IT General Controls (ITGC) and IT Application Controls (ITAC) is risk based and business centric.  As part of our IT controls testing, we have tested ITGC as well as ITAC. The focus of testing of ITGCs was based on the various parameters such as Completeness, Validity, Identification, Authentication Authorization, Integrity and Accountability. On the other hand, focus of testing automated controls from applications was whether the controls prevent or detect unauthorized transactions and support financial objectives including completeness, accuracy, authorization and validity of transactions.  We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.

Sr. No. Key audit matters	How our audit addressed the key audit matter
<p>The Bank has a process for identifying the applications where the controls are embedded. It also has a process to ensure that systems, processes and controls remain relevant. The Bank's IT control framework includes automated, semi-automated and manual controls designed to address identified risks. IT controls are stated in Entity Level Controls (ELC), IT General Controls (ITGC) and IT Application Controls (ITAC).</p> <p>We have identified IT Controls Framework as a Key Audit Matter as the Bank's business is highly dependent on technology, the IT environment is complex and the design and operating effectiveness of IT controls have a direct impact on its financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation of financial reports.</p>	<p>In ITGC testing we reviewed, on sample basis, control areas such as User Management, Change Management, Systems Security, Incident Management, Physical &amp; Environmental Security, Backup and Restoration, Business Continuity and Disaster Recovery, Service Level Agreement.</p> <p>For ITAC, we carried out on sample basis, compliance tests of system functionality in order to assess the accuracy of system calculations. We also carried out procedures such as validations and limit checks on data entered into applications, approvals, process dependencies and restriction on time period in which transactions may be recorded.</p> <p>We tested the control environment using various techniques such as inquiry, review of documentation/record/reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our tests</p> <p>Wherever deviations were noted either the same were explained to our satisfaction or we tested compensating controls and performed alternate procedures, where necessary, to draw comfort.</p>
<p><b>2. Classification, Provisioning and Write off of Advances</b> (Refer schedule 5, schedule 9, note 5.2 of schedule 17 and note 1.2, 2.1.1 of schedule 18 to the consolidated financial statements)</p> <p>The Bank's portfolio of advances to customers amounts to Rs. 6,23,720.19 crores as at March 31, 2021.</p> <p>As required under Income Recognition, Asset Classification and Provisioning Norms (IRAC norms), guidelines on COVID 19 related Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 issued by the Reserve Bank of India (the "RBI") ('Regulatory Package'), Circulars on Resolution Framework for COVID-19 related stress and restructuring of advances dated August 06, 2020 ('Resolution Framework') and other circulars, notifications and directives issued by the RBI, the Bank classifies advances to performing and non-performing which consists of Standard, Sub-standard, Doubtful and Loss and recognizes appropriate provisions.</p> <p>The Bank, as per its governing framework, made the performing and non-performing advances provisions based on Management's assessment of the degree of impairment of the advances subject to and guided by minimum provisioning levels prescribed under RBI guidelines.</p> <p>The classification, provisioning and write off of advances is a Key Audit Matter as the Bank has significant exposure to a large number of borrowers across various sectors, products, industries and geographies and there is a high degree of complexity, uncertainty and judgment involved in recoverability of advances, nature of transactions, estimation of provisions thereon and identification of accounts to be written off.</p> <p>The same resulted in significant audit efforts to address the risks around loan recoverability, classification and the determination of related provisions and write off.</p>	<p><b>Our audit procedures included, but were not limited to the following:</b></p> <ol style="list-style-type: none"> <li>1. We gained understanding of processes by carrying out walkthrough and tested the key controls identified by us over borrower risk grading for advances (including larger customer exposures that are monitored individually) on classification of such advances as performing or non-performing: <ul style="list-style-type: none"> <li>• Tested on sample basis, the annual review/renewal assessments carried out by the management and controls over the monitoring of credit quality;</li> <li>• Evaluated the design of internal controls relating to borrower wise classification of loan in the respective asset classes viz., standard, sub-standard, doubtful and loss with reference to their days-past-due (DPD) status (including consideration of non-financial parameters of NPA, restructuring guidelines, the Regulatory Package and Resolution framework) and provisioning of advances. Tested the operating effectiveness of these internal controls;</li> <li>• Tested loans on sample basis to form our own assessment as to whether impact of impairment events have been recognised in a timely manner by the Bank;</li> <li>• Made inquiries with management regarding any effects considered on the NPA identification and / or provisioning, resulting from observations raised by the RBI during their annual inspection of the Bank's operations;</li> <li>• For the selected non-performing advances, assessed Management's forecast and inputs on recoverability of cash flows, impact of auditor's comments on the financial statements, valuation of underlying security and collaterals, estimation on recoverability of amount in default and other sources of repayment;</li> <li>• Held specific discussions with the credit and risk departments to ascertain how various Early Warning Signal (EWS) and potential defaults have been identified and assessed in determining the NPA.</li> </ul> </li> <li>2. Performed credit assessments of a sample of corporate and retail loans including larger exposures assessed by the Bank as showing signs of deterioration, or in areas of emerging risk (assessed against external market conditions). We reviewed the Bank's risk grading of the loan, their account statement review and assessment of loan recoverability and the impact on the credit provision. To do this, we used the information on the Borrowers loan file, discussed the case with the concerned officials and senior management, and performed our own assessment of recoverability.</li> </ol>

## Consolidated Financial Statements

Sr.No.	Key audit matters	How our audit addressed the key audit matter
3.		Reviewed Bank's policy including SOPs with respect to implementation of Regulatory package and Resolution framework ('guidelines') and tested sample to ascertain the implementation of those guidelines by the Bank.
4.		Provisions for advances: <ol style="list-style-type: none"> <li>i. Tested the Bank's processes for making provision on advances for compliance with RBI regulations and internally laid down policies for provisioning;</li> <li>ii. Tested the completeness and accuracy of data transferred from underlying source systems used for computing collective provision;</li> <li>iii. Considered board approved policy and internal laid down policy for higher provision for weak standard advances, advances covered under Resolution Framework, stressed sectors, adopted by the Bank;</li> <li>iv. Validated the parameters used to calculate provisions with reference to IRAC norms, internal policies on higher provisions on NPA advances;</li> <li>v. Re-performed, on sample basis for retail and Corporate portfolios, the calculation of provisions, to determine the accuracy of the same;</li> <li>vi. With respect to holding provisions as at March 31, 2021 against the potential impact of COVID-19 including provisions held under Resolution Framework, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Bank.</li> </ol>

### Other Information

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements, consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder, provision of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. The respective Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material



misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the entities included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank and its subsidiary companies, which are companies incorporated in India, have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe

## Consolidated Financial Statements

these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

- (a) We did not audit the financial statements of eight subsidiaries, whose financial statements reflects total assets of Rs. 15,865.59 crores and net assets of Rs. 3,680.82 crores as at March 31, 2021, total revenues of Rs. 2,327.68 crores and net cash inflows amounting to Rs. 917.79 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

One of the above subsidiary is located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in that country and which has been audited by other auditor under generally accepted auditing standards applicable in that country. The Bank's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Bank's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Bank and audited by us.

- (b) We did not audit the financial statements of 1 step down subsidiary, whose financial statements reflects total assets of Rs. 4.21 crores and net assets of Rs. 3.99 crores as at March 31, 2021, total revenues of Rs 1.95 crores and net cash inflows amounting to Rs. 0.27 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this step down subsidiary, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid step down subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the Other Matters section above, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) The Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder to the extent they are not inconsistent with accounting policies prescribed by RBI;
- e) On the basis of the written representations received from the directors of the Bank as on March 31, 2021 and taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in the "Annexure";



- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us and the reports of the statutory auditors of the subsidiary companies incorporated in India, the remuneration paid/ provided by those subsidiaries to their directors during the year is in accordance with the provisions of Section 197 of the Act. Further, Section 197 of the Act is not applicable to the Bank by virtue of Section 35B (2A) of the Banking Regulation Act, 1949.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Schedule 12 Contingent Liabilities to the consolidated financial statements;
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 5 read with note 2.1.16 of Schedule 18 to the consolidated financial statements in respect of such items as it relates to the Group;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank and its subsidiary companies incorporated in India.

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No.103523W / W100048

**Purushottam Nyati**

Partner  
Membership No. 118970  
UDIN. 21118970AAAADG1980

Place: Mumbai  
Date: April 27, 2021

## Consolidated Financial Statements

### ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph f under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of Axis Bank Limited on the consolidated financial statements for the year ended March 31, 2021]

### Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Axis Bank Limited ("the Bank") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to financial statements of the Bank and its subsidiary companies, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Bank and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Bank and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Bank and its subsidiary companies.

#### Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reporting of other auditors as mentioned in Other Matters paragraph below, the Bank and its subsidiary companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**Other Matters**

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to seven subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No.103523W / W100048

**Purushottam Nyati**

Partner  
Membership No. 118970  
UDIN. 21118970AAAADG1980

Place: Mumbai  
Date: April 27, 2021

## 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 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 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

	(₹ in Thousands)	
	As at 31-03-2021	As at 31-03-2020
<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

	(₹ in Thousands)	
	As at 31-03-2021	As at 31-03-2020
<b>I. Statutory Reserve</b>		
Opening Balance	131,519,285	127,451,247
Additions during the year	16,471,251	4,068,038
	<b>147,990,536</b>	<b>131,519,285</b>
<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)
	<b>512,720,336</b>	<b>411,698,589</b>
<b>III. General Reserve</b>		
Opening Balance	4,074,815	4,040,677
Additions during the year	184,925	34,138
	<b>4,259,740</b>	<b>4,074,815</b>
<b>IV. Capital Reserve</b>		
Opening Balance	24,329,521	20,924,276
Additions during the year	8,482,344	3,405,245
	<b>32,811,865</b>	<b>24,329,521</b>
<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)	-
	<b>2,312,451</b>	<b>3,427,684</b>
<b>VI. Reserve Fund</b>		
Opening Balance	89,756	81,254
Additions during the year	-	8,502
Deductions during the year*	(89,756)	-
	<b>-</b>	<b>89,756</b>



	(₹ 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.</b>	<b>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 **	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>

\*\* 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.</b>		
(i) Bills purchased and discounted	224,469,726	145,282,883
(ii) Cash credits, overdrafts and loans repayable on demand	1,629,001,534	1,580,313,876
(iii) Term loans #	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.</b>		
(i) Secured by tangible assets §	4,607,851,679	4,234,489,317
(ii) Covered by Bank/Government Guarantees §&	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

§§ 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> <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.

## Consolidated Financial Statements

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>

1. 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. 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)

3. 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				Total
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	
<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>	11.07	349.06	920.87	21.70	1,302.70
<b>Depreciation on fixed assets for the year</b>	8.29	265.99	689.69	15.43	979.40

(1) Includes minority interest of ₹173.75 crores

\* represents material non-cash items other than depreciation

(₹ in crores)

	31 March, 2020				Total
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	
<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#	-	-	-	-	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>	6.89	246.81	641.73	13.65	909.08
<b>Depreciation on fixed assets for the year</b>	6.12	214.37	571.53	14.05	806.07

(1) Includes minority interest of ₹113.56 crores

\* represents material non-cash items other than depreciation

# 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*	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

\* 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:

Particulars	(₹ in crores)	
	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(l)	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.

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

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.

## Consolidated Financial Statements

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 Haribhakti & Co. LLP**

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

**Purushottam Nyati**

Partner  
Membership No.: 118970

Date : 27 April, 2021  
Place: Mumbai

**S. Vishvanathan**

Director

**Girish V. Koliyote**

Company Secretary

**Girish Paranjpe**

Director

**Puneet Sharma**

Chief Financial Officer

**For Axis Bank Limited**

**Rakesh Makhija**

Chairman

**Amitabh Chaudhry**

Managing Director & CEO

# Form AOC-1

Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

## Part "A": Subsidiaries

As on/For the year ended 31<sup>st</sup> March 2021

	Axis Capital Ltd.	Axis Trustee Services Ltd.	Axis Fund Trustee Ltd.	Axis Mutual Management Company Ltd.	Axis Asset Management Ltd.	Axis Bank UK Ltd. (Refer Note a)	Axis Finance Ltd.	Axis Securities Ltd.	A.Treds Ltd.	Freecharge Payment Technologies Private Ltd.	Axis Capital USA LLC. (Refer Note b)	(₹ in crores)
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.	N.A.	N.A.	USD (US\$ 1 = ₹73.11)	N.A.	N.A.	N.A.	N.A.	USD (US\$ 1 = ₹73.11)	
Share capital	73.50	1.50	0.05	210.11	584.88	482.25	144.50	65.00	1,763.70	5.15		
Reserves & surplus	445.88	69.29	0.73	464.18	63.06	1,072.00	338.49	(49.91)	(1,523.10)	(1.16)		
Total assets (Fixed Assets + Investments + Other Assets)	1,417.42	79.55	0.83	811.13	1,962.63	11,363.94	1,339.04	19.88	290.02	4.21		
Total liabilities (Deposits + Borrowings + Other Liabilities + Provision)	898.04	8.76	0.05	136.84	1,314.69	9,809.69	856.05	4.79	49.42	0.21		
Investments	125.88	24.66	0.72	622.75	-	885.02	60.46	-	99.56	3.39		
Turnover (Total Income)	408.14	37.09	0.58	642.92	(59.23)	1,023.30	424.46	7.42	233.75	1.95		
Profit/(Loss) before taxation	224.09	25.17	0.20	323.55	(138.79)	284.08	214.61	(11.20)	52.55	0.15		
Provision for taxation	57.68	5.05	0.05	81.34	-	72.95	49.06	-	14.19	0.01		
Profit/(Loss) after taxation	166.41	20.12	0.15	242.21	(138.79)	211.13	165.55	(11.20)	38.36	0.14		
Proposed Dividend and Tax (including cess thereon) (Refer Note c)	19.85	14.25	-	-	-	-	-	-	-	-		
% of shareholding	100%	100%	75%	75%	100%	100%	100%	67%	100%	100%		

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.

Notes:

- Asset/Liability items are stated in INR equivalent of USD (\$1 = ₹73.11 as on 31 March, 2021). Profit and loss items reported in INR based on rates prevailing on the date of transactions.
- Axis Capital USA LLC. is a wholly owned subsidiary of Axis Capital Ltd. (a wholly owned subsidiary of Axis Bank Ltd.). Asset/Liability items are stated in INR equivalent of USD (\$1 = ₹73.11 as on 31 March, 2021). Profit and loss items are stated in INR equivalent of average rate during financial year ended 31 March 2021.
- In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendment to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, proposed dividend has not been recognised as a liability by the subsidiaries as on 31 March, 2021.

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

**Part "B": Associates and Joint Ventures** - Not applicable

# *Basel III Disclosures*

As at 31 March, 2021

In accordance with RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated 1 July, 2015 on 'Basel III Capital Regulations' and RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31 March, 2021 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards Amendments', banks are required to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III framework. The Bank has made these disclosures which are available on its website under the 'Regulatory Disclosure' section at the following link:

<http://www.axisbank.com/investor-corner/baselIII-disclosures.aspx>