



Open

to creating value

to listening

to nurturing

to caring

to empowering

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Open to Creating Value



PG 30

For our shareholders and other stakeholders by executing on our strategies, growing 'One Axis Ecosystem' and maintaining financial prudence.

Open to Listening



PG 38

To the aspirations of our customers, and fulfilling them through our retail, corporate and digital franchise.

Open to Nurturing



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Our team of go-getters to achieve more everyday.

Open to Caring



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For the communities of which we are a part and help improve their lives.

Open to Empowering



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Our nation through financial inclusion and responsible awareness programmes.

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'Open'

For your dreams, our eyes are open. For your hopes, our minds are open. For your plans, we promise to open every possible window of opportunity. We have always used this philosophy to deliver tangible value and bring impactful change in the lives of millions of citizens.

Our credo has helped us respond with speed to economic and industry headwinds, evolving customer requirements, intensifying competition and technological disruption. As our playground is constantly shifting, our solutions and architectures are dynamic and in sync with the broad changes that we see around us.

Fiscal 2020-21 was an extraordinary year for India and the world. We adapted and persevered through the crisis to fortify our balance sheet and deliver a healthy overall performance. We asked our customers, investors and other stakeholders

about their aspirations and concerns, and took that insight to reconfigure our operating rhythm and rigour. Our innate flexibility helped us refine our strategies faster in an operating environment fraught with downside risks.

We further ramped up our technology and digital capabilities during the year to provide our customers a host of additional conveniences, while continuing to invest in nurturing our relationships. We bring the same warmth of openness to our work culture, which helps our teams stay motivated in a high-performance environment.

Over the last few years, we have built the foundation of a banking franchise that is essentially relationship led, stakeholder driven and underpinned by strong corporate governance.



Key highlights for fiscal 2020-21

Our performance for the year



Financial

9%

₹996,118 crores

Total assets

10%

₹707,306 crores

Total deposits

9%

₹623,720 crores

Total advances

16%

₹29,239 crores

Net interest income

305%

₹6,588 crores

Net profit



Growth in fiscal 2020-21 vis-à-vis fiscal 2019-20



Environment

55,000

LED light fittings installed at 1,100 branches

5 MN

Paper sheets saved through Saksham application

1,493

Branches with CEMS energy management solution installed



People

78,000+

Workforce

52

Person hours of training per employee (33 person hours previous year)

45,457

Employees part of silver certification learning journeys



Community

₹91 CR

CSR spending

198

Districts in 25 states and UTs where Axis Bank Foundation (ABF) is active

0.92 MN

Households/trainees impacted under ABF's Sustainable Livelihoods programme under 'Mission2Million'

Above are standalone figures as on/for year ended 31 March, 2021 unless otherwise mentioned

Always open, always future focused

Our business landscape is evolving faster than ever, the financial needs of our customers are changing, technology breakthroughs are challenging legacy business processes and enriching customer journeys. Amid this era of radical transformation, flexibility and openness hold us in good stead.

Our primary business comprises commercial banking operations for retail and corporate customers.

Retail banking

Our operations consist of retail lending, payments, deposit taking and distribution of third-party insurance and investment products. The Bank also offers agricultural and rural banking products.

Commercial and wholesale banking

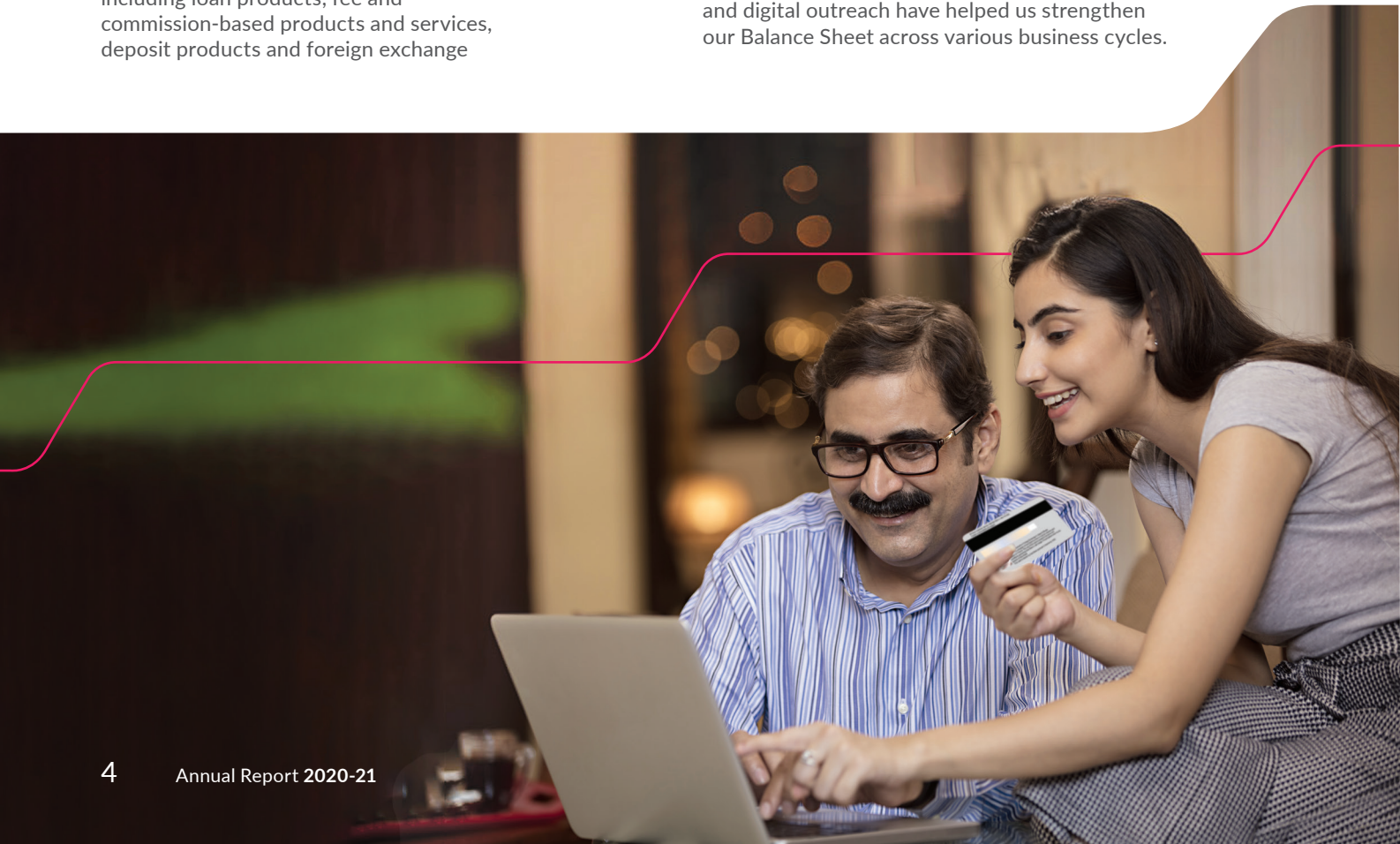
We provide a range of products and services, including loan products, fee and commission-based products and services, deposit products and foreign exchange

and derivative products to India's leading corporations, middle market companies and small and medium enterprises.

One Axis

Our integrated 'One Axis' philosophy (including our subsidiaries) has helped us emerge as a one-stop financial services provider for our customers, with ability to cross-sell products and services.

Strong customer relationships, sharp execution focus, wide distribution network, motivated team and digital outreach have helped us strengthen our Balance Sheet across various business cycles.





Our vision

To be the preferred financial solutions provider excelling in customer delivery through insight, empowered employees and smart use of technology.

Growing prominence

3rd@

Largest private bank in India

4th

Consecutive year of inclusion into the esteemed FTSE4Good Emerging Index

@In terms of total assets

Our core values



Customer Centricity



Ethics



Transparency



Teamwork



Ownership



Attractive market share

Traditional Banking Segment[#]

5.10%

Assets

4.30%

Deposits

5.22%

Advances

Digital Banking Segment

17%

UPI[@]

16%

Mobile[@]

4th

Largest credit card issuer



Growing touchpoints

4,594

Domestic branches
(including extension counters)

17,043

ATMs and cash deposits/
withdrawal machines

121

SME centres

6 LAKH+

Point of Sale (POS)
machines

7.15 MN

Active credit cards

23.83 MN

Debit cards in force



Strong balance sheet

19.12%

Capital adequacy ratio
(Previous year 17.53%)

16.47%

Tier I capital adequacy ratio
(Previous year 14.49%)

1.05%

Net Non-Performing Asset (NPA)
(Previous year 1.56%)

1.95%

Standard Asset Coverage Ratio (SACR)
(Previous year 1.38%)

72%

Provision coverage ratio
(Previous year 69%)

₹12,010 CR

Cumulative provisions
(Standard + additional non-NPA)



Sound profitability

3.53%

Net interest margin (NIM)
(Previous year 3.51%)

1.96%

Cost to assets
(Previous year 2.09%)

2.74%

Operating profit margin
(Previous year 2.83%)

#Source: RBI Report

© By volumes for fiscal 2020-21

Above are standalone figures as on/for year ended 31 March, 2021 unless otherwise mentioned

Message from MD & CEO

“Staying true to our ethos of customer centricity, our 78,000+ team members collectively and individually went above and beyond their call of duty to serve our customers, our communities and most importantly our nation and the economy during one of the most challenging phases of our lifetime.”

Amitabh Chaudhry



Dear Shareholders,

Fiscal 2020-21 was truly an extraordinary year in history. The unprecedented health crisis that still continues to unfold across the country, brought the best out of us as we made steady progress towards our medium-term GPS objectives while delivering on our ‘Dil Se Open’ promise to our stakeholders.

Through the year, our support to customers and communities in helping them emerge from the COVID pandemic remained unwavering. I am proud of the commendable efforts and character displayed by all the team members of Axis family. I would also like to thank all the COVID Warriors for the tremendous

job that they have been doing, especially the healthcare professionals, who are constantly fighting all odds to save thousands of lives.

As the economy continues to combat the second wave of unprecedented COVID-19 pandemic, we as a Bank reiterate our commitment of being ‘Open’ to our customers’ needs, concerns, challenges and aspirations. My heart goes out to all who have been directly impacted by the pandemic. However, the fast pace of vaccination and slowdown in new infections in several states do provide hope. I am confident that we can and will come out of this together.

Despite the challenges that came our way in 2020, our proactive approach towards strengthening the organisational core and technological capabilities, along with focused execution helped us overcome the odds. Significant investments in digital banking, adopting a cloud-first technology and analytics-driven decision-making definitely helped us deliver strong operational performance. Every passing quarter we improved, led by our focus on building granularity across business segments and 'One Axis' philosophy to drive sustainable and profitable growth. At the same time, we continue to remain prudent and conservative in fortifying our balance sheet and enhancing our capital levels in an uncertain environment, we all are hoping is short lived.

During the fiscal, we witnessed consistent and strong sequential growth in deposits, advances and fees. Our focus towards building a quality liability franchise saw sustained momentum with 18% growth in average granular retail deposits consisting of CASA and RTD deposits. Our advances grew 9% y-o-y led by quality growth across our Retail, Commercial Banking (CBG) and Corporate banking segments. The operating profitability continued to remain steady with 16% growth in net interest income and 10% growth in operating profits, despite our prudent stance on accounting policies. Our focus on granularity in fees continued to play out well with the share of granular retail and transaction banking, including forex-related fees increasing to 83%. We also continued to deliver on our profitability vector of improvement in efficiencies across our businesses, with reduction in cost to average assets to 1.96% from 2.09% in previous fiscal.

We remained proactive and prudent in our approach towards provisioning and policies and had been very selective towards restructuring and ECLGS. Over the year, we took several actions across accounting and provisioning policy changes to ensure that our

In fiscal 2021, the Bank successfully raised ₹10,000 crores of capital, this strengthened the Bank's capital ratios further, with total adequacy of 19.12% and CET1 ratio of 15.40%. The Bank's strong balance sheet and healthy capital position ensures that we enter this cycle from a position of strength.

balance sheet remains resilient across cycles. We increased our provision coverage ratio from 69% to 72% while also building significant additional non-NPA provisioning buffers of over ₹12,000 crores, which translates to standard asset coverage ratio of 1.95%. Further, our rule-based provisioning norms have ensured that NPAs are provided early and adequately. The Bank's net NPA declined from 1.56% to 1.05% and the fund-based BB and below book remained flat in percentage terms as compared to the last fiscal.

During fiscal 2020-21, the Bank successfully raised ₹10,000 crores of capital. This strengthened the Bank's capital ratios further, with total adequacy of 19.12% and CET1 ratio of 15.40%. The Bank's strong balance sheet and healthy capital position ensures that we enter this cycle from a position of strength.

As an organisation we have been constantly evolving, challenging ourselves to raise the bar on innovation and strengthening our core, to transform into a more agile and future-ready organisation. We have been working towards our goal to deliver distinctive and world-class customer experience through an

optimal mix of human touch and technology.

During the year, we continued to strengthen the core pillars of our franchise – people, products and technology for driving executional excellence. We made some important organisational structure changes in wholesale and retail segments to streamline and simplify our functioning and bring in greater accountability, productivity and efficiencies. We also bolstered our leadership team significantly with our existing leaders taking on larger and newer responsibilities, while we brought in new talent who had the breadth and the experience to match our aspirations.

The pandemic also accelerated the technology investments and execution of transformation projects.

We significantly ramped up the opex and capex spends in technology towards modernising the core systems, scaling up the Cloud portfolio for supporting the real-time business models and building resilience across our operations. We adopted a cloud-first approach for our digital banking platform with over 50 initiatives on cloud, which is one of the highest in this area within the Indian financial service sector.

During the year, we started a multi-year technology transformation programme that will accelerate our journey towards our goal of being a sustainable future-ready Bank. We have made significant investment in the 'Business Solutions Group' to drive innovative technology solutions and build greater collaboration between business and technology. We have adopted agile methodology with multiple cross-functional squads working on over 220 high-priority, organisation-wide transformation projects.

The execution of these projects have largely remained on track with 50% of them fully completed with promising outcomes in the form of reduction in turnaround times, improved productivity and better customer experience. The implementation of tech-driven transformation project

Message from MD & CEO contd.

'Sankalp' in our CBG segment, for example, has helped in reducing the loan approval time by nearly 75% while pushing the productivity of RMs up by 2 to 3 times.

Our investments towards strengthening our operational and technological infrastructure well before the outbreak of pandemic in India ensured that all our critical operations were executed on time. Almost all of our branches and ATMs too remained functional following all the health safety and regulatory guidelines. We implemented one of the largest Work-From-Home programmes in the industry with over 20,000 concurrent users who were able to work remotely with access to all the Bank systems. Further almost all of our team members co-ordinated seamlessly amongst themselves and external stakeholders using the collaborative tools. We also enabled over 60,000 frontline team members on Bring Your Own Device (BYOD) environment, thereby helping them to maintain connect and serve customers during the pandemic. We also strengthened our digital collection infrastructure that helped in higher demand resolution during the year.

The Bank has over the last decade built a strong Retail franchise with powerful distribution network, wide deposit customer base and robust data analytics capabilities that have enabled us to grow our business in challenging time period.

On the deposits side, our focus on deepening existing liability relationships and acquiring the quality customers as part of premiumisation strategy continued to progress well. During the year, we acquired over 6.7 million new liability relationships including over 2.8 million new savings account relationships that had higher average balances across retail savings and premium segment accounts. Our emphasis on acquiring top corporate relationships in salary segment resulted in 25% y-o-y growth in our salary deposits book.

During the year, our domestic retail advances book grew 11% as we continued with our focus on growing the secured retail lending products segment like home loans, LAP, SBB that grew by 12%, 20% and 30% y-o-y respectively. Our disbursements across the secured segments continued to improve sequentially through the year and touched new highs aided by improvement in operational processes and focused execution.

Over the last two years, we have initiated several large process transformation and technology initiatives across our branches and other distribution channels to bring in effectiveness and efficiencies while delivering distinctive and seamless omnichannel experience to our customers. During the year, we sourced over 70% of retail assets from existing Bank customers; with ~56% contribution from our branches.

We have also increasingly been leveraging our alternate Axis Virtual Centre (AVC) channel that has over 1,500 virtual relationship managers across six centres to deepen

relationships and scale up growth. This channel continues to play an important role in reaching out to customers with over 3 million customer contacts every month.

Our Deep Geo initiative continued to scale well as we expanded coverage to 1,577 branches and enrolled over 13,600 Common Service Centres (CSCs) to deepen presence in rural and semi urban markets. The deposits from our Deep Geo branches grew 19% y-o-y while the disbursements grew 59%. As a result of our weekly region specific and focused product drives, strategic partnerships with agri-corporates and digital enablement of processes, our overall rural loan book grew 17% y-o-y.

We continued to maintain our strong positioning across the cards and payments businesses as we focused on growing this segment profitably in a manner that meets our risk and return hurdles. We have built strong partnerships with large players in retail payments space, that now form the core of our Known to Bank (KTB) strategy through which we intend to scale up our business further. During the year, we sourced nearly 2 lakh credit cards through our partnerships with Flipkart and Google Pay. In the UPI space, we further strengthened our position in fiscal 2020-21 with a market share of 17% as Payer PSP. The Bank now has partnerships with all the major third-party UPI apps in the ecosystem with more than 186 million customer VPAs registered as on 31 March, 2021. Our Mobile Banking platform continues to be recognised as one of the highest rated financial apps in the country.

Our wealth management business 'Burgundy' continued to grow strongly with its AUM growing 45% y-o-y to cross ₹2 trillion mark. Our vintage team of relationship managers, wealth specialists and advisors, along with our strong product portfolio offerings helped to scale up our 'Burgundy Private' proposition to cover over 1,660 families with assets of nearly ₹50,000 crores in just 15 months since its launch.

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Our third-party products distribution business in Retail that we had created in fiscal 2019-20 to have a dedicated focus delivered strong 30% y-o-y fee income growth on back of contextual product launches and enablement of digital processes. In our retail forex business where we are one of the largest players, we launched outward remittance on mobile app and fully digital forex card issuance platform to further enhance the customer proposition.

We have made strong progress in our Digital Banking initiative that we had started in fiscal 2019-20 with the objective of not only reimagining end-to-end customer facing propositions, but also to scale up growth and productivity. We have 800-plus people fully dedicated to digital transformation of the Bank including a strong in-house full stack technology team of 110 people in roles across design, front-end and back-end development, DevOps, Quality Assurance etc.

We have adopted OPEN approach towards reimagining customer journeys which involves rebuilding entire journey with 'zero' operations orientation using 'proprietary' in-house capabilities and delivering solutions that are 'Ecosystems' capable and metrics oriented. During the year, we launched bouquet of digital products across deposits, loans, cards and investments, many of them being industry first like our cloud-native loan management system built in-house and the full end-to-end digital forex card proposition. These products have started making contribution to the Bank' sourcing with close to 1.35 lakh digital SA accounts opened leveraging the video KYC while 71% of fixed deposits and over 40% of Mutual Funds were sourced digitally in fiscal 2020-21. The Bank's initiatives on the digital front have been widely recognised and the Bank was awarded the 'Best Digital Bank' by Asiamoney and Financial Express during the year.

The Bank has been a pioneer in data analytics in Indian banking industry and has built a dedicated team of over 400 members consisting of data

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scientists, data engineers and business analysts with techno functional skillsets. We have been leveraging our strong data analytics capabilities across the business functions for not only improving cross-sell, customer experience, risk management and collections but also in fraud detection, operational optimisation and budgeting. Big Data Lake is now an integral part of our data analytics landscape and we have made significant progress towards further enhancing our Big Data Tech Stack with ability to analyse and serve on Cloud. During the fiscal, we also sourced 72% of credit cards and 57% of personal loans digitally backed by our big data led analytics and proprietary machine learning models.

In the corporate segment, our focus has been to build granularity and grow the book profitably, emphasising on segments that offer high growth opportunities and better RAROC. During the year, our focused segments like Mid-Corporate and MNC delivered 31% and 49% y-o-y growth. Our CBG which is one of the most profitable segments in Wholesale Bank delivered strong performance with 13% y-o-y growth in advances.

We continued our focus on deepening relationships with better rated corporates with an aim of not just lending balance sheet to these clients but also growing our wallet share of non-credit business like trade, forex and cash management. We have made significant progress towards becoming the transaction bank of choice for corporates with the share of non-credit granular fees in overall corporate and commercial banking fee mix increasing to 57% in fiscal 2020-21 from 52% in fiscal 2019-20.

A key area of distinctiveness is our ability to deliver 'One Axis' to our customer. We are currently one of a kind full-service Wholesale Bank that currently offers varied solutions across all financial services. From, traditional banking products, debt capital markets, investment banking to NBFC and Retail banking products like Burgundy wealth management, salary and trust services, forex and commercial credit cards.

During the year, our various business segments within Retail and Wholesale Bank collaborated with our subsidiaries to provide solutions to our clients, thereby deepening the customer relationships further. We have over the last two years strengthened our capabilities across our subsidiaries by strengthening the senior management teams, developing innovative product offerings backed by improvement in processes and widening our distribution reach through physical and digital channels.

The rigour and rhythm and concerted efforts made by teams collectively as One Axis have started reflecting in the superlative financial performance of our domestic subsidiaries that together delivered total profits of ₹833 crores, up 75% y-o-y. Axis AMC continued to grow faster than the industry to deliver 2x growth in profits while our retail brokerage subsidiary delivered 10x growth in profits. Axis Capital continued to maintain its dominance in equity capital markets with 52 deals. Axis Finance too delivered profitable growth with ROE of 14.60% and healthy capital adequacy ratio of over 20%. Even as our investments in operating subsidiaries over last two

Message from MD & CEO contd.

years have remained flat at ₹1,815 crores, these operating subsidiaries delivered 17% CAGR growth in net worth.

However, our focus still continues to be on further scaling up the subsidiaries

so that they gain higher market share in their respective businesses. During the year, Axis Securities acquired the customer trading accounts of Karvy Stock Broking to become the third largest player with total customer

base of 3.6 million. We have always believed in increasing participation in the fast-growing life insurance space and recently completed the stake acquisition in Max Life Insurance to become a co-promoter in India's fourth largest insurance company.

GPS Progress

Through these unprecedented times, we have remain committed towards our ambition of delivering on our medium-term strategic goals under the vectors of Growth, Profitability, Sustainability. During the year, we continued to invest in several initiatives and strategic projects in line with our GPS strategy.

Growth



- Led by our focus on building granularity across businesses and strong focus on execution, we have delivered strong growth across our focused segments
- Our CASA deposits grew 20% with the share of CASA deposits increasing 372 bps to 45% in overall deposits. Retail SA grew 19% while the CA growth stood at 26%
- Our Corporate loan book including TLTRO grew 16% with significantly higher growth across our focused segments like Mid-Corporates and MNC
- Our CBG loan growth stood at 13% y-o-y
- Retail disbursements touched all-time highs during the fourth quarter

Profitability




- Net profit grew by 305% y-o-y
- Operating profits grew by 10% with NIMs improving to 3.53%
- Our cost to assets has moderated during the year to 1.96% from 2.09% and we continued to focus on building cost consciousness across the Bank
- We continued to build granularity in our fee income with segments like third-party products distribution and transaction banking growing by 30% and 9%, respectively
- Our domestic subsidiaries delivered 75% y-o-y growth in net profits

Sustainability



- In the last two years, we have taken concrete actions towards strengthening the core around policies, processes, controls, and operations
- We have progressively strengthened our risk management framework and our credit underwriting processes
- We have made significant progress on legacy issues with the proportion of BB and below book having steadily declined over the years
- We have been proactive and prudent, and have built significant additional provisioning buffers of over ₹12,000 crores with standard asset coverage ratio of 1.95%

 Read more on **pg. 30**

As an organisation, we have always believed that our employees are our greatest asset and true brand ambassadors of our culture and core values. Our employees, especially our frontline team displayed unbridled enthusiasm, creativity, agility and ownership through this challenging year. I take great pride in the fact that we were one of the first banks to set in motion large-scale changes in our working model by introducing rostering across branches, 'work from home' across large offices and ensuring hygiene safety and security across the Bank. We also took the lead in introducing hybrid model of working and redefining conventional work and jobs beyond full time, on-site employment with the launch of GIG-A opportunities during the year. The new ways of working provided the much needed flexibility and added to our productivity.

At Axis, we continued to invest in employee learning and their growth across levels, businesses, functions and geographies. We also launched several certification and talent development programmes for our middle management team towards building their leadership capabilities so that they can shoulder the mantle of spearheading our GPS objectives to the next level of achievement and success.

The community continues to be a critical stakeholder for us. During the year, the Bank committed significant funds towards curbing the spread of COVID-19 pandemic. Axis Bank Foundation played its role by providing relief supplies and facilitating higher standards of hygiene and medical infrastructure in deep rural areas. The Foundation also continued its initiatives towards positively affecting the rural livelihoods by scaling up financial inclusion and skill development programmes to over 0.9 million households as part of its mission to reach 2 million households by 2025.

During the year, we made a conscious and concerted effort to scale up our Environmental, Social and Governance (ESG)-aligned capabilities and performance by integrating ESG

topics into agendas of pertinent Board Committees. The Bank has established an ESG Steering Committee comprising Heads of key departments who shall act as ESG champions within and outside the Bank and help drive key mandates across the Bank. I am happy to share that the Bank improved its ratings performance across key external ESG assessment platforms like S&P Dow Jones, MSCI and CDP during the year, even as it continued to feature in the prestigious FTSE4Good Emerging Index for the fourth consecutive year in 2020.

Even as we continue to witness the impact of second wave of COVID, I sincerely hope that the acceleration in vaccination drives and continued fiscal and monetary measures by government and the regulator would help the economy to recover from this pandemic by H2 of fiscal 2021-22. We are planning to use this disruption in business to further strengthen our core. We believe that our building blocks are firmly in place with granularity now built across businesses, improving operational performance, strong capital and balance sheet position to counter any unforeseen risks arising out of COVID wave 2. The medium-term growth drivers remain firmly in

place on the back of several initiatives taken by the government to boost manufacturing and small industries, and recent shift in global manufacturing and supply chain dynamics towards India. In such an environment, large banks with healthy operational performance, strong balance sheet and capital position, superior risk management and operational capabilities would continue to grow faster than the overall sector.

I reiterate my gratitude to all my colleagues for their relentless and selfless efforts in keeping the promise of 'Dil Se Open' to our stakeholders despite all odds. I thank our external stakeholders for their continued willingness to partner with Axis Bank in its long-term growth journey. We as One Axis will continue to challenge ourselves and strive towards building a distinctive Axis Bank.

Warm Regards,

Amitabh Chaudhry
MD & CEO

We also took the lead in introducing hybrid model of working and redefining conventional work and jobs beyond full time, on-site employment with the launch of GIG-A opportunities during the year. The new ways of working provided the much needed flexibility and added to our productivity.

Message from Executive Director

(Wholesale Banking)



"During the year, Corporate India displayed extreme resilience and adaptability through the tough times by not only managing their supply chain, people and containing costs, but also raising capital."

Rajiv Anand
ED - Wholesale Banking

Large private banks have continued to gain market share in both deposits and advances over the last few years and fiscal 2020-21 also witnessed similar trends. Abundant global liquidity and strong corporate performance ensured significant deleveraging by corporate India. Corporate banks in turn saw lower slippages, despite COVID. However, growth of credit to the corporate sector remained anaemic.

During the year, Corporate India displayed extreme resilience and adaptability through the tough times by not only managing their supply chain, people and containing costs, but also raising capital. The share of bank credit in overall flow of resources to commercial sector remained low as corporates utilised the low interest rate environment to mobilise funds through private placements and foreign investments during the early part of fiscal 2020-21. Though the industry credit to large corporates related to sectors like telecom and metals declined on account of large repayments, the sectoral credit growth in mid-corporates saw strong revival with 29%.

One of the themes that has been playing out over the last few years has been the consolidation of businesses across industries and the shift of corporate banking business from public sector banks to private banks. In the last five years alone, private banks collectively have gained about 10% market share in corporate loans from PSU banks. This trend of corporates consolidating their banking relationships will continue to benefit large banks like Axis Bank who can provide holistic solutions and superlative customer service leveraging on their wide product offerings, efficient processes and digital prowess.

It is in this context that we feel positive about building a sustainable and profitable Corporate Bank, going forward. We will continue to focus on better-rated corporates with an aim of not just lending balance sheet to these clients but also become the transaction bank of choice. This strategy not only deepens the relationship but also ensures we capture multiple revenue stream from the corporate. Our focus

on delivering disproportionate growth from our chosen sectors, like Mid-Corporate, MNC and SME segments will continue. This will also bring a greater level of granularity to the overall portfolio, thereby reducing the risk.

A key area of distinctiveness is our ability to deliver 'One Axis' to our customers. We are currently one of a kind full-service Wholesale Bank that offers varied solutions across all financial services. From, traditional banking products, debt capital markets, investment banking to NBFC and Retail banking products like Burgundy wealth management, salary and trust services, forex and commercial credit cards.

There are numerous examples where Axis Capital, our Investment Banking subsidiary has lead managed an IPO, the Bank has provided transaction banking services, Axis Trustee Co provided trustee services to the issue, Burgundy, our affluent banking proposition distributed the issue and finally some of the surplus funds were parked with Axis Mutual Fund scheme, thereby providing a one-stop shop for the customer, something very few of our peers are able to do.

Aligned to our GPS objectives, we have taken number of significant steps around strengthening the organisation structure and processes in the last two years. We have re-oriented the organisational structure to ensure better client coverage by increasing the number of coverage segments and segregating the responsibilities of business relationships and product specialists. We have also strengthened our leadership team across our focused segments like Mid-Corporate, Government Coverage, MNC and Commercial Banking; and embedded rigour in our way of conducting business for delivering execution excellence and growth aspirations.

These efforts have started reflecting in the strong growth performance in our focused segments. Our corporate loan book growth, including TLTRO investments was strong at 16% as

One of our strategic growth objectives has been to significantly grow our Mid-Corporate segment where we have been underpenetrated. During the year, we continued to invest in strengthening our team structure and geographical presence in specific industrial clusters.

we continued to focus on disciplined execution of our strategy. The growth was more prominent in our focused segments across Mid-Corporate, Government coverage and MNC that grew by 31%, 66% and 49%, respectively on y-o-y basis. Our Commercial Banking business delivered strong all-round performance with 13% growth in advances and 24% growth in average current account balances.

One of the key changes in the coverage model has been the focus on looking at customer relationship opportunity on a RAROC basis and rigorously work towards providing holistic solutions to the customer. Our teams have also been proactively taking lead in setting up the right infrastructure and service architecture to service the customers. As a result of these efforts, we added close to 800 new credit relationships in the Corporate segment.

Our focus on quality coverage has been well recognised by our clients and independent parties as well. During the year, Axis Bank was ranked no. 1 and was the only domestic bank that featured in the Large Corporate (Institutional and Coverage Quality)

leader category at the 2021 Greenwich Excellence Awards.

Our CBG which is one of the most profitable segments in Wholesale Bank has always been a strategic priority for us. Over the last couple of years, we have been strengthening our operational processes and risk framework in the segment. We had embarked on a tech-driven transformation project 'Sankalp' in this segment with the objective to re-imagine the end-to-end customer journeys, simplify the processes and improve sales productivity within the CBG business. The implementation of this digitisation initiative has helped us in reducing the loan approval time by nearly 75% while pushing the productivity of RMs up by 2 to 3 times. Our focus on acquiring new customers aided by 'Sankalp' and better co-ordination with branch banking teams have yielded strong results in the segment with over 100% increase in new relationships added during the year. We remain confident of growing this segment strongly led by our persistent focus and cadence in engaging with clients.

One of our strategic growth objectives has been to significantly grow our Mid-Corporate segment where we have been underpenetrated. During the year, we continued to invest in strengthening our team structure and geographical presence in specific industrial clusters in this segment. We have also been leveraging our strong branch network to build and consolidate relationships. We believe that we have significant run-way for profitable growth in this segment in the medium term.

We continue to maintain our strong positioning among the leading private sector banks handling the Government Businesses across the country. In our Government coverage segment, we have strengthened the team and improved our product and service delivery, that has helped us to get higher share of short-term trade finance and transaction banking

Message from Executive Director (Wholesale Banking) contd.

businesses. We continue to remain focused on offering holistic solutions in segments like e-Governance, Finance Commission, Centrally Sponsored Schemes, Urban Local Bodies, Education, Agriculture, Health, NHAI and Defence. The recent government move to open up all the government related banking business to private sector banks plays to our strengths in this segment and further strengthened our position.

During the year, we continued to deepen our relationship with better rated entities and groups, focusing more on working capital loans and engaging with them for transaction banking products. In fiscal 2020-21, over 94% of our incremental sanctions and over 85% of loans outstanding were to corporates rated 'A' and above. While we continue to participate in the credit business, we have been putting all efforts to gain higher share of trade businesses like LC and BG, and supporting them in their transaction flow businesses like current account and cash management, forex and derivatives, capital market, tax payments, etc.

In the Transaction Banking space, we have revamped the organisation structure and service architecture of our wholesale banking products group. With improved product and service offerings, coupled with specialised talent inducted, we have made considerable progress in gaining incremental wallet share. Our market share in foreign LC nearly doubled to 10% while the GST payments too increased to 9% during the year. We have been one of the leading banks in Bharat Bill Payment ecosystem contributing to the highest number of new biller additions to this platform. Resultantly, the share of non-credit granular fees in overall corporate and commercial banking fee mix increased to 57% in fiscal 2020-21 from 52% in fiscal 2019-20.

We have maintained our leadership position as the top arranger of rupee bonds over the last 14 years. We mobilised around ₹18,000 crores

In the Transaction Banking space, we have revamped the organisation structure and service architecture of our wholesale banking products group. With improved product and service offerings, coupled with specialised talent inducted, we have made considerable progress in gaining incremental wallet share.

in TLTRO, by participating in three auctions at the start of year and invested the entire funds across high-rated corporate issuers, thereby helping to build new client relationships.

During the year, we consolidated our overseas business through our branch operations in Dubai, Singapore and Gift City, India in line with our strategy to focus on Indian corporates with global operations. Our overseas book continues to be dominated by high-rated Indian conglomerates and PSU entities with major part of growth being driven by our GIFT City branch exposures.

Over the last two years, we have tightened governance and risk culture in the Wholesale Bank with respect to coverage and credit underwriting, products and processes. We have institutionalised the activities which we will refrain from doing and would look to price and document risk appropriately. We continued our cautious stance on taking long-term project execution risk in the infra space and green field projects, except in certain segments to certain entities like large corporate groups or PSUs.

We continue to maintain rigour around risk management and have reduced exposure to accounts wherever we saw stress emerging. Our stress book of BB and below rated accounts has moderated to 1.09% with 100% of restructured corporate book classified as BB and below.

In the corporate book, we continued to take prudent actions around asset quality and provisioning. We have further increased the provisioning on standard investments, red flagged accounts, and fully provided for security receipts during the year. Our strong balance sheet position with additional provisions of 1.95% on standard assets, places us well to counter the unlikely risks in the current uncertain environment.

The budget announcements related to extension of performance linked incentive scheme to larger set of sectors, continuation of tax breaks to new companies, ease of doing business, along with geo-political factors have led to marginal shift in global supply chains, thereby aiding growth in certain sectors like pharma, electronics, automotive, etc. I do hope that acceleration in vaccination rollout and continued support from fiscal and monetary authorities would help the businesses to tide over this difficult period. The recent surge in infections caused by second wave of COVID-19 may delay the capex recovery to late fiscal 2021-22 and early 2023.

I continue to remain confident that the changes we have implemented in Corporate and Commercial Banking businesses towards building a granular and diversified book, along with our ability to offer One Axis to our clients would help us gain market share and build a sustainable and profitable Wholesale Bank.

Warm Regards,

Rajiv Anand
Executive Director
Wholesale Banking

Message from Executive Director (Corporate Centre)



"Over the last 18 months, our journey on employee experience has evolved with much work behind the scenes on process and technology improvements. All this work resulted in establishing our 'One Axis App' as a universal front-end for all mobile-first employee journeys."

Rajesh Dahiya
ED - Corporate Centre

This past year has been remarkable year for the Axis franchise. In the wake of an unprecedented economic and humanitarian crisis, our employees have served the country as frontline warriors. The resilience of our organization is owed to the tireless efforts of our people, their ability to adapt to rapid change, and commitment and unity in our purpose. At the outset, I wish to thank each and every one of our employees and their families for keeping Axis 'Dil Se Open' in the face of every challenge.

Our number one imperative in the Corporate Centre has been to shepherd the Bank through the COVID-19 crisis. From a people perspective, we focused on two key things: firstly, ensuring our employees remained connected to the organization through regular communication, engagement, and outreach. Secondly, by seeing to it that all employee processes remained active even during the lockdown. Our team conducted virtual reach-outs covering 50,000 employees, checking in on their health and safety, and continued employee engagement activities, including online art therapy workshops, exercise, and wellness programs. We even had a virtual Family Day that saw over 45,000 people attend.

The ongoing second wave of the COVID pandemic has had a much larger impact on our employees and their families. In keeping with national trends, we are witnessing an increase in bereavements and severe illness. We are committed to supporting all our employees through this. Our Term Life Insurance policies offer multiple years of compensation to deceased employees that are best-in-class in our industry. Axis' Board has committed ₹10 crores to Employee Welfare Trust. This fund is committed to ensuring that all deceased employees receive a one-time payout of ₹2 lakh to tide over immediate obligations and also pay continuity of six months. We will cover all employee medical expenses in case of an unfortunate demise. Our Mediclaim coverage has been extended to home care and non-medical expenses incurred during COVID care.

Message from Executive Director (Corporate Centre) *contd.*

We have also mobilized our in-house experts to provide financial counselling to all affected employees.

We have partnered with Medi-Assist to facilitate full-spectrum health services for our employees. Our employees now have access to confidential counselling, proactive telemedicine, and vaccination support from various partners. We care for your mental well-being and hence we have empanelled licensed therapists to facilitate counselling for employees in need.

Along with this, we have created a task force comprising our senior leaders and regional staff in corporate, commercial, and government coverage, who have mobilized our business relationships for employees, enabling them to access hospital beds, oxygen support, and other medication as needed.

Our commitment to our employees is unwavering and we will ensure that we do everything possible to ensure their health and safety.

Over the last 18 months, our journey on employee experience has evolved with much work behind the scenes on process and technology improvements. All this work resulted in establishing our 'One Axis App' as a universal front-end for all mobile-first employee journeys. As we transitioned to remote working, this capability was instrumental in ensuring all our HR processes remained in good shape. We were amongst the first banks to complete our annual appraisal cycle in fiscal 2019-20, paying out variable pay till the mid-management level by April 2020 and increments and variable compensation for senior management by October 2020. In fiscal 2020-21, we have completed our appraisal process, promotions, and payout of both increments and variable pay within regular timelines.

Much has been said on the transition to work from home and its benefits. At Axis, we took a risk-based approach to the change by taking an early stance that our future would be a hybrid work model. Our early investment in capabilities to implement showed impact when we scaled office presence

Our belief that the communities where we serve are our critical stakeholders and significantly contribute to our success is stronger than ever. So, it has been full steam ahead for our CSR efforts, which touched millions of community participants across India over the year.

up and then backed down in response to the evolving COVID-19 situation. The constraint we placed on ourselves by committing to no incremental corporate office space for five years pushed us to think about how we could best leverage our newfound capability to work from anywhere. From this emerged our project on the Future of Work and the launch of GIG-A-Opportunities, with the ambition to reshape our operating models and expand Axis' access to talented, highly-skilled professionals wherever in the country it may be and in whichever format they choose to associate with us.

This year has proved to us more than ever that our greatest asset at Axis is our people. We have therefore upped our investments and revamped our learning strategy. Now we have a three-year learning roadmap with certification milestones for each role within the Bank. These journeys are comprehensive; focusing on product and process knowledge, capability building, leadership skills, risk, and compliance. We have also launched talent development programs for our Middle Management – creating

fast-track development plans that are aided by mentorship and challenging assignments. We are committed to building our leadership capacity from within and these programs will be instrumental to achieving this goal. Thanks to our e-learning capabilities, learning hours for the year have doubled.

Our belief that the communities where we serve are our critical stakeholders and significantly contribute to our success is stronger than ever. So, it has been full steam ahead for our CSR efforts, which touched millions of community participants across India over the year. Notably, in the field of education, we launched three CSR initiatives– scholarships for women pursuing STEM at Ashoka University, foundation of the Museum of Solutions for children at Mumbai, and the Axis DiISe program in Manipur. Through the Bank's financial literacy and financial inclusion program, we reached over nine lakh women participants in 22 states and Union Territories during the year. This year, we expanded the program to include a health awareness intervention, 'Sachetana,'

This year has proved to us more than ever that our greatest asset at Axis is our people. We have therefore upped our investments and revamped our learning strategy. Now we have a three-year learning roadmap with certification milestones for each role within the Bank.

As the pandemic brought economies the world over to a grinding halt, creating a major impact on lives and livelihoods, the Axis Bank Foundation and its partner organizations were quick to come to the aid of all participant communities.

to help raise awareness on COVID-19-focused personal safety and hygiene. Our unique digital financial literacy platform, Project Akshar, reached over 1.2 million individuals since its launch in 2017.

During the year, we made a conscious and concerted effort to scale up our environmental, social, and corporate governance (ESG)-aligned capabilities and performance as we continue to put in place the foundational pillars that can support a strong ESG-aligned pathway for the Bank. ESG is now an integral part of the Board agenda, as we continue to integrate ESG topics into agendas of pertinent Board Committees. The Bank has established an ESG Steering Committee comprising Heads of key departments, who shall act as ESG champions within and outside the Bank and help drive strategic mandates across the Bank.

Even as we worked towards scaling our ESG-aligned competencies, I am happy to share that the Bank improved its performance across key external ESG assessment platforms during the year. For 2020, at the S&P Dow Jones Sustainability Indices, we are now in the highest percentile range among Indian banks, our CDP rating has jumped up two spots to reach B

from C, and our ESG rating by MSCI ESG Ratings has improved from BBB to A.

As the pandemic brought economies the world over to a grinding halt, creating a major impact on lives and livelihoods, the Axis Bank Foundation and its partner organizations were quick to come to the aid of all participant communities. During the lockdown in 2020, the Foundation supported Farmer Groups in procuring agricultural inputs and aggregation of harvested products for sale, especially in instances where market access was compromised due to the pandemic. These tumultuous times have also validated our 'Basket of Livelihoods' concept - whereby we encourage participant communities to diversify their sources of income, helping them build resilience to fluctuations in external markets and climatic conditions.

Through the year, we continued supporting our stakeholders. The Foundation has been working with various government agencies, police departments, municipal corporations, civil hospitals, and other such agencies - providing them with hand sanitisers

As of 31 March, 2021, the Foundation had reached over 0.9 million households towards its Mission 2 Million target, working with 23 implementation partners on 28 projects covering over 15 states in the country.

and masks, thermal guns, PPE kits, and gloves - in close to 20 states across the country, towards meeting their immediate and essential requirements towards fighting the pandemic. In the rural areas, the Foundation continued its support to the rural population helping them emerge from the socio-economic hardships brought upon by the pandemic. Additionally, the Foundation remained focused on its 'Mission2Million', which aims at impacting two million households by 2025. As of 31 March, 2021, the Foundation had reached over 0.9 million households towards its Mission 2 Million target, working with 23 implementation partners on 28 projects covering over 15 states in the country. The Foundation was quick to transition its Skilling programme to an online mode where in-person trainings were not possible. Skill development classes for students were shifted online. The alumni of this programme, several of whom had lost their jobs, were counselled and re-trained through online modules. The dissemination of information through digital means allowed our projects to remain functional even where travel wasn't possible.

The Bank continues to place high importance on managing compliance risks in the Bank and its Subsidiaries, with the Board and Top Management playing an essential role in driving a robust risk and compliance culture in the Bank. Towards this, we have a comprehensive framework to strengthen the risk and compliance culture within the organisation, and the progress is periodically monitored. The Audit Committee of the Board has direct oversight on the Compliance function and all regulatory issues are monitored closely. The Bank is focused on maintaining the highest standard of sustainable compliance throughout the organization and the Group.

We have a strong Group Compliance Policy to consistently review compliance management processes/frameworks and involved in various key projects undertaken by the Bank

Message from Executive Director (Corporate Centre) *contd.*

that are important from a compliance perspective. As a responsible bank, we have strong anti-money laundering controls on knowing our customers, software filtering, and implementing holding periods. Our AML team monitors all customer transactions (Banking and Depository) and screening of remittances. The team conducts name screening and risk categorisation of all customers at the time of onboarding and periodically thereafter. The adoption of Artificial Intelligence and Machine Learning backed technologies have made our AML systems even more sophisticated.

We are steadfast when it comes to ethics and the Bank has in place several guidelines and processes for employees to conform to our 'Basic Responsibility Framework' and reinforce the culture of compliance and ethics in dealing with clients and other stakeholders. We have a zero-tolerance policy towards any act that does not conform to the Bank's Code of Conduct and Ethics and principles of natural justice.

Our values act as a guiding force in our strategy and hence we launched Axis Values Realizers' last October to continue our journey on realising the five core values of Axis. The network, comprising 1,000 Axis Role Models, passionately drives the shift from merely knowing to live our values, every day. The network remained enthusiastic with conversations and storytelling around values and building the foundation of our values-driven culture across regions. We also created a Values Scorecard- a comprehensive set of indicators that track our progress on where we are towards our goal of all our employees demonstrating all our values, all the time. All our leaders have signed up to personally lead this journey and actively mentor our network of Role Models as we move forward. I am happy to share that our employees are showing high levels of pride and advocacy for Axis and what we stand for, and we are making progress on this journey.

Our values act as a guiding force in our strategy and hence we launched Axis Values Realizers' last October to continue our journey on realising the five core values of Axis.

We remain committed to our values and goals. Even as we fight the second wave, the health and well-being of our people remain most important to us.

Thanking all our people once again for their invaluable contribution in rising up to the challenge the pandemic has thrown at us. Please stay safe!

Warm Regards,

Rajesh Dahiya
Executive Director
Corporate Centre

Message from Management

(Retail Banking)



“We as a Bank remained ‘Dil Se Open’ through the COVID-19 crisis and supported the financial needs of our retail consumers and small business banking customers in their hour of need, serving them with compassion.”

Ravi Narayanan
(Group Executive - Retail Liabilities and Branch Banking)



“Given the uncertainty in operating environment post the COVID pandemic, we continued with our core strategy in Retail to deepen relationships and leverage cross sell opportunities within our exiting customer base.”

Sumit Bali
(President - Retail Lending and Payments)

Message from Management (Retail Banking) contd.

The fiscal 2020-21 was an unprecedented year with global health pandemic impacting the credit growth in the first half before the demand recovered steadily towards the second half. The overall retail banking sector that had seen strong double digit CAGR growth over the last decade with no meaningful credit cycle, witnessed growth moderating to 10% during the year.

Despite the overall moderation in retail segment, the secured retail and rural segments recovered faster during the later half of the year led by confluence of factors like low interest rates, government stimulus measures supporting the inherent consumer demand. The secured loan segments like home loans contributed to nearly half of the incremental retail credit of overall banking sector in fiscal 2020-21 even as the growth in credit cards outstanding and other personal loans moderated sharply to 8% and 17%, respectively from an average of over 25% in the previous 5 years.

Given the uncertainty in operating environment post the COVID pandemic, we continued with our core strategy in Retail to deepen relationships and leverage cross-sell opportunities within our existing customer base through our wide distribution network while growing our footprint in deeper geographies. We also utilised the period to continuously invest in people, processes and technology to transform our business operations and improve productivity and customer experience.

We as a Bank remained 'Dil Se Open' through the COVID-19 crisis and supported the financial needs of our retail consumers and small business banking customers in their hour of need, serving them with compassion. Our commitment and openness to serve our most important stakeholders continued to be well recognised by our customers. Axis Bank stood as 'Most recommended Retail Bank in India' and 'Most helpful Bank during COVID-19 in India and 4th in Asia

Pacific' as per the Asian Banker's Bank Quality Consumer Survey on Retail Banks for 2021.

With customer centricity and superlative customer experience at the core of our operations, our strong Retail franchise continued to deliver steady performance amidst the challenging environment. The Bank's saving and retail term deposits grew by 15%, domestic retail advances grew 11% and the retail non card fees grew 6% led by our relentless focus on strengthening and building granularity across the businesses to deliver sustainable growth.

Despite the significant diversification of our retail loan book that has been achieved over the last 10 years, we remain focused on growing the secured retail lending products segment. The secured loan segments like home loans, LAP, SBB and Rural grew 12%, 20%, 30% and 17%, respectively and secured loans together constituted 81% of overall retail book. Our disbursements across the secured segments continued to improve sequentially through the year and touched new highs driven by improved rigour and rhythm and

During the last two years, we have initiated several large process transformation and technology initiatives across our distribution channels to bring in effectiveness and efficiencies while delivering distinctive and seamless omnichannel experience to our customers.

reduced turnaround times as a result of several transformational projects undertaken during the year.

On the fee side, our third-party distribution fee grew strongly by 30%, despite the pandemic related challenges even as the credit card fees was impacted on account of our cautious approach in the first half of fiscal. During the year, we have rationalised our exposure to non-profitable and high-risk segment of Commercial card business impacting the overall card market share. However, our retail cards spend market share has remained steady with strong improvement in card spends by over 50% sequentially in second half of the fiscal.

During the last two years, we have initiated several large process transformation and technology initiatives across our distribution channels to bring in effectiveness and efficiencies while delivering distinctive and seamless omnichannel experience to our customers. In fiscal 2020-21, we adopted a calibrated branch expansion strategy with emphasis on customer centricity and better engagement to drive higher cross-sell opportunities from Bank's existing customer base.

We have set up dedicated Asset Desks and Wealth Desks at select branches that leverage 'One Axis' capabilities to provide entire gamut of product and services to our customers. During the year, we sourced over 70% of retail assets from existing to Bank customers; with over 56% contribution from our branches, significantly higher than 47% in fiscal 2019-20.

On the deposits side, as part of our premiumisation strategy, focus has been to build a high-quality granular franchise adopting customer-centric approach with greater focus on acquiring the right customers and increased engagement with existing customers.

In order to achieve this, we have over the last two years re-oriented the

structure to drive rigour and rhythm, filled the product segment gaps and leveraged our distribution including alternate channels to improve the customer acquisitions. During the year, we acquired over 6.7 million new liability relationships with over 2.8 million new SA relationships. We have improved the quality of new acquisitions led by our focus on offering 'right fit' solutions and new product propositions with value-added features to our customers that have helped to grow average SA balances in newly acquired retail savings and premium segment accounts.

One of our key initiatives to drive SA growth has been to grow our salary business with emphasis on acquiring top corporate relationships. During the year, we acquired over 2,700 new salary relationships that helped our salary book to grow by 25%, much faster than overall SA book growth. During the year, our persistent customer outreach programs and higher interaction with customers helped in improving and deepening existing to Bank (ETB) relationships further that resulted in overall retail SA growth of 19%.

In line with our focus to deepen presence in rural and semi urban markets with high business potential, we continued to scale up our asset-led liability strategy under 'Deep Geo' initiative. We expanded over deep geo coverage to 1,577 branches from 387 branches at the start of the fiscal and enrolled over 13,600 Common Service Centres (CSCs), that would act as extension arms for these branches to grow the asset and liability business of the Bank. The deposits from our deep geo branches grew 19% y-o-y.

As a result of our frequent weekly region-specific and focused product drives around mortgages, wheels, personal loans, power gold loans, famer funding etc, the disbursements from these deep geo branches too witnessed steady improvement through the year and stood at over ₹17,000 crores in fiscal 2020-21, up 59% y-o-y. In the rural loan segment, we have been focusing on improving existing

In line with our focus to deepen presence in rural and semi urban markets with high business potential, we continued to scale up our asset-led liability strategy under 'Deep Geo' initiative. We expanded over deep geo coverage to 1,577 branches from 387 branches at the start of the fiscal.

operations and leveraging technology for faster delivery of products. We also entered into strategic partnerships with agri-corporates and OEMs to capture the entire rural value chain. Overall rural loan book which is a well-diversified portfolio across geographies and product segments grew 17% y-o-y.

We have increasingly been leveraging our alternate Axis Virtual Centre (AVC) channel to deepen relationships, improve customer experience and scale up growth. During the year, we expanded this channel to three new centres taking total number of centres to six. Our AVC channel now has around 1,500 VRMs, managing relationship with our existing customers under affluent and other programs related to loans, cards and investment products. This channel played an important role in reaching out to customers in their hour of need during the pandemic with over 3 million customer contacts every month.

We as a Bank adapted to the new normal and launched various initiatives towards providing hyper-personalised experiences to our customers and employees, through computing and

artificial intelligence. Our Digital Banking team had been working towards not only reimagining end-to-end customer facing propositions but also offer innovative at scale product offerings. During the year, we launched bouquet of digital products across deposits, loans, cards and investments, many of them being industry first.

These products have started making contribution to the Bank' sourcing with close to 1.35 lakh digital SA accounts opened leveraging the video KYC, 71% of fixed deposits and over 40% of Mutual Funds sourced digitally in fiscal 2020-21. We continue to leverage on strong data analytics capabilities to make everyday decisions across the organisation from budgeting, personalisation framework, detection of frauds to developing dashboards for effective tracking. During the fiscal, we sourced 72% of credit cards and 57% of personal loans digitally backed by our proprietary machine learning models.

During the year, we also enabled over 60,000 employees on BYOD environment helping them to maintain connect and serve the customers during COVID phase. We have also strengthened the branch and VRM customer contact rhythm backed by a strong supervisor led review cadence. We have also made investment in virtual training and online certification of our sales officers and RMs towards upgrading their product skills that have reflected in the improved productivity across retail businesses.

Our 'Branch of the Future' initiative that aims to simplify the servicing journeys for customers and help frontline staff to focus on relationship management and sales, continues to progress well. We have identified 22 services that used to take over 70% of the CSO time and bandwidth for re-engineering. We have till date fully digitised over one fourth of these services that used to make up for 50% of the overall service request volumes.

We continue to maintain our strong positioning across the cards and payments businesses. Our focus has

Message from Management (Retail Banking) contd.

been to grow this segment profitably in a manner that meets our risk and return aspects. We continue to have over 90% of our card portfolio with the Bank's large existing customer base. We have also built strong partnerships with large players in recent years, that now form the core of our Known to Bank (KTB) strategy through which we intend to scale up our business further. During the year, we sourced nearly 2 lakh credit cards or close to 20% of overall new credit cards through our partnerships with Flipkart and Google Pay. Our co-branded 'Flipkart Axis Bank' credit card crossed 1 million cards in February 2021.

In the UPI space, we further strengthened our position with a market share of 17% as Payer PSP. The Bank now has partnerships with all the major third-party UPI apps in the ecosystem with more than 186 million customer VPAs registered as on 31 March, 2021. In addition to building on partnerships and growing the UPI franchise, we have focused extensively on strengthening our technology infrastructure on the cloud to handle large transaction volumes. As a result, we have been able to minimise technical declines significantly and had the highest transactional approval rates of over 96% (as a remitter) among the peer banks. Our Mobile Banking platform where we have one of the highest rated financial apps in the country witnessed nearly 3x increase in mobile transaction volumes during the year.

Our wealth management business continues to grow strongly with its assets growing 45% y-o-y to cross ₹2 trillion mark. During the year that saw unprecedented volatility, our vintage team with strong experience in the banking and wealth management space responded with agility to reach out to customers. This along with our product innovation and open architecture helped to scale up 'Burgundy Private' proposition to cover over 1,660 families with asset of nearly ₹50,000 crores in just 15 months since its launch. We continue to engage and deepen our relationships across Burgundy Private, Burgundy, Priority

and NRI segments to become their primary bankers by increasing product cross-sell.

We continue to see the benefits of our 'One Axis' strategy that we had embarked upon last year. The various business segments within Retail Bank, along with our consumer facing subsidiaries like Axis AMC, Axis Securities, Axis Finance and Freecharge came together to provide solutions to our clients, thereby deepening the customer relationships further.

Our third-party products distribution business adapted quickly to the COVID environment and delivered strong growth on back of contextual product launches and digital processes enablement to meet the customers' financial investments and protection needs. We introduced direct-to customer frictionless journeys for third-party products on our mobile banking app and internet banking leveraging on our online KYC capabilities. We are one of the largest players in prepaid forex card market. During the year, we launched outward remittance on mobile app and fully digital forex card issuance platform in the retail forex business to enhance the customer proposition. We continue to focus on building a digital ecosystem around partnerships across our third party and retail forex remittances to aid the growth in retail fees.

Given the resurgence of COVID-19 second wave in India, it is likely to have an impact on the demand and asset quality in short term. However, the measures taken by us over the last year to upfront recognise the stress from first wave, focus primarily on secured loans, tighten risk parameters for unsecured loans and build granularity across our loans and fee mix places us well to counter the likely slowdown, expected in the early part of fiscal 2021-22.

We as a Bank have taken significant steps to build prudence around risk management and provisioning policies in the last two years. In retail we had tightened our underwriting criteria across product lines, re-calibrated scorecards and cut down the credit

limits proactively well before the pandemic struck last year. During the year, we actively leveraged our business intelligence capabilities to enhance our credit decision models.

We have also strengthened our physical and digital collections infrastructure in Retail that resulted in sequential improvement in demand resolutions and collections towards the end of fiscal. We had been very selective in restructuring the retail loan portfolio and have recognised large slippages in our retail portfolio. All these initiatives have enabled us to not only maintain a well-balanced portfolio and develop calibrated approach towards managing asset quality, but also significantly strengthen our balance sheet to counter any unknown risks that may emanate in the near future.

We believe rising consumerism and urbanisation in India with relatively lower penetration of credit compared to global peers and various rural focused government schemes and investments will continue to drive the retail business. Within the banking sector, there has been a trend of consolidation with large and strong banks continuing to gain market share on back of their strong operational and technological capabilities. We at Axis Bank are ideally poised to take advantage of these trends.

We remain confident that our strong balance sheet position, robust risk management, and constant effort to deliver superior customer experience backed by transformation and technology would help us deliver sustainable and profitable growth in this business.

Warm Regards,

Ravi Narayanan

(Group Executive - Retail Liabilities and Branch Banking)

Sumit Bali

(President - Retail Lending and Payments)

Core management team

As on 28 April, 2021

Deepak Maheshwari

Group Executive &
Chief Credit Officer

Ganesh Sankaran

Group Executive -
Wholesale Banking
Coverage Group

Neeraj Gambhir

Group Executive -
Treasury & Markets
and Wholesale
Banking Products

Subrat Mohanty

Group Executive -
Banking Operations
and Transformation

Ravi Narayanan

Group Executive - Retail
Liabilities and Branch
Banking

Sumit Bali

President - Retail
Lending & Payments

Himadri Chatterjee

President - Retail &
Wholesale Banking
Operations

Rudrapriyo Ray

President & Chief
Compliance Officer

Sanjay Silas

President -
International Banking

Akshaya Kumar Panda

President - Large
Corporate Coverage

Prashant Joshi

President - Large
Corporate Credit

Balaji N

President - Business
Intelligence Unit

Puneet Sharma

President & Chief
Financial Officer

Vivek Gupta

President - Wholesale
Banking Products

Girish V. Koliyote

Company Secretary

Corporate information

Statutory Auditors

M/s Haribhakti & Co. LLP
Chartered Accountants

Secretarial Auditors

M/s BNP & Associates
Company Secretaries

Registrar and Share Transfer Agent

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Board of Directors

Agile and responsive leadership



Rakesh Makhija

Independent Director & Non-Executive (Part-Time) Chairman



Amitabh Chaudhry

Managing Director & CEO



S. Vishvanathan

Independent Non-Executive Director



Girish Paranjpe

Independent Non-Executive Director



T.C. Suseel Kumar

Non-Executive (Nominee) Director



Meena Ganesh

Independent Non-Executive Director



Gopalaraman Padmanabhan

Independent Non-Executive Director

Composition of the Board

Chairman & Independent Director **1**

MD & CEO and Executive Directors **3**

Independent Directors **5**

Nominee Directors **3**



Ketaki Bhagwati

Independent Non-Executive Director



Stephen Pagliuca

Non-Executive (Nominee) Director



Ashish Kotecha

Alternate Director to Stephen Pagliuca



Vasantha Govindan

Non-Executive (Nominee) Director



Rajiv Anand

Executive Director (Wholesale Banking)



Rajesh Dahiya

Executive Director (Corporate Centre)

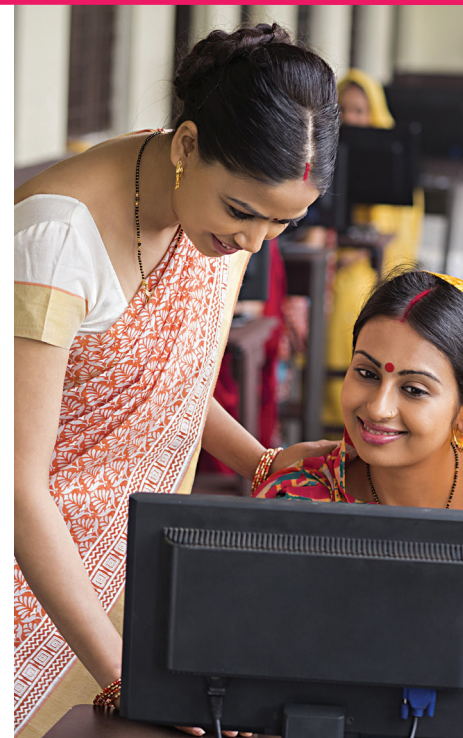


to creating value
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to listening
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to nurturing

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en



to caring

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to empowering

Read more on pg. 56



Creating value by...

Refining our execution strategy

A photograph showing a group of business professionals in a meeting. They are gathered around a table covered with documents, tablets, and several colorful sticky notes (orange, pink, green). One person is holding a pen, ready to write. The background is slightly blurred, showing an office environment.

We continue to be guided by the three vectors - Growth, Profitability and Sustainability (GPS) - of our strategy. Despite COVID-induced uncertainty, GPS has not only stood the test of all the challenges that the year has thrown at us but has also helped us capitalise on emerging opportunities.



Growth

We remain focused on growing deposits, payments, advances and our subsidiaries to reach leadership positions across our businesses

Broadening the Bank's low-cost deposit base

- Focused on improving account quality of overall balances while increasing contribution from current accounts, savings accounts and premium segments
- Continued to expand the retail banking business by growing the distribution network and have further expanded Deep Geo coverage
- Increased new salary relationships by 2,700+ names

84%

CASA + Retail Term Deposit ratio CDAB*

Silent Revolution' in Digital Banking

- Maintained leadership in digital payment platforms
- Built innovative capabilities during fiscal 2020-21 taking the number of overall digital offerings to 28 - Many of these are first-in-industry
- Witnessed significant traction in new account acquisition by leveraging the video KYC platform - Opened close to 1.35 lakh video KYC based savings accounts during the year
- WhatsApp Banking gained good momentum with 5 lakh+ customers onboarded within two months of launch

250+

Services offered through digital channels

*Cumulative daily average balance

Above are standalone figures as on/for year ended 31 March, 2021 unless otherwise mentioned

Gaining momentum in retail asset growth

- Domestic secured retail loans grew 13% y-o-y, with significantly high proportion of existing-to-bank and salaried customers
- Leveraged internal customer base as well as digital lending platform to drive quality growth

~81%

Of our retail book is secured

Scaling up our subsidiaries to deliver on meaningful contribution to the Bank

- Subsidiaries have capitalized on significant growth opportunities in their sectors and delivered solutions across the customer's value chain
- Delivered industry-leading 75% y-o-y growth in profitability
- Reported net worth and earnings growth at 17% CAGR and 57%, respectively in the last two years

₹833 CR

Combined PAT of domestic operating subsidiaries

Accelerating growth in the Wholesale Banking business unit

- Commercial Banking Business: Reduced loan approval time by 75% and improved resource productivity by 2x through lean and digitally enabled process streams across multiple customer journeys
- Corporate Segment: Deepened relationships with better rated corporates, leveraged 'One Axis' capabilities across the Group and grew the book profitably by emphasizing segments that offer high-growth opportunities and better risk-adjusted return on capital (RAROC)
- Mid-Corporate space: Have invested in building a strong team here and growing the book remains a top priority for the Bank

Adjudged #1

Bank and was the only domestic bank in the 'Large Corporate (Institutional and Coverage Quality)' leader category at the 2021 Greenwich Excellence Awards

Creating value by... contd.



Profitability

We have enhanced non-credit revenue streams, driven leadership in costs, and embedded profitability in all business decisions

Optimizing business mix to improve risk-adjusted returns

- We have diversified revenue sources particularly through fee and commission-based offerings
- Grew low-cost deposit base on the liability side that helped reduce funding cost and drove NIM expansion

15%

Share of Retail fee to total operating revenue of the Bank

Improving operating efficiency through technology

- Technology is at the core of the future-ready Axis that we are building - The pandemic has only accelerated our technology initiatives and investments
- Used opportunities thrown up by the COVID-19 crisis to increase investments into IT automation and Cloud migration: 50+ initiatives already on Cloud
- Invested heavily into core modernization, IT security and data privacy as we transition to cloud
- Enabled one of the largest Work-From-Home programs in the industry with over 20,000 concurrent users able to work remotely with access to all the Bank systems

79%

Increase in Tech opex and capex spends in the last 24 months

Sweating existing infrastructure

- Launched a series of tech-enabled 'future-ready' initiatives to boost productivity
- These include projects that re-think branch layout and design, digitise activities of bank staff and enhance customer self-service in order to improve branch productivity by refocusing time of branch staff towards cross-sell
- Execution on other transformational projects remains on track with positive outcomes in terms of reduction in turnaround times, improved productivity and better customer experience

~800

People dedicated to digital agenda

Reducing credit costs below long-term average

- Tightened underwriting standards and improved sourcing with a large proportion of overall corporate advances to clients rated A- and above
- Pivoted to secured products on the retail side, with sourcing for unsecured products largely restricted to existing Bank customers based on tightened risk frameworks
- Proactive and pre-emptive strategies developed for collections have helped improve efficiency parameters across products

Ramping Up

Proactively increased capacity in the field and call centre collections teams to manage 2.5x volumes post moratorium



Sustainability

We have fortified credit risk management, built a strong compliance culture and strengthened the core through Technology, Operations and Process Excellence initiatives

Strengthening the core

- Invested significantly into building advanced analytics capabilities to enable greater targeted cross-sell, and have initiated a Bank-wide project to drive fundamental IT transformation
- The Bank has built out a Customer Experience Transformation team that has worked on several initiatives to redefine customer experience and journeys

220+

High priority projects launched during the year

Strengthening credit risk management and building a compliance culture

- We have built significant additional provisioning buffers with standard asset coverage ratio of 1.95%
- Built a sustainable franchise by embedding conservatism in internal policies and business practices
- Strengthened the risk management framework that revolves around risk appetite, prudent policies, tightened underwriting standards and efficient collections. We continue to rollout structured initiatives to manage existing as well as emerging risks

400+

Risk management team size

Above are standalone figures as on/for year ended 31 March, 2021 unless otherwise mentioned



Creating value by... contd.

Consistent fiscal prudence

Despite adverse macro conditions, we reported healthy performance, which demonstrates the resilience of our operating model. This is the outcome of our rigorous execution of GPS strategy.

Total Assets (₹ in crores)

FY 2020-21	996,118
FY 2019-20	915,165
FY 2018-19	800,997
FY 2017-18	691,330
FY 2016-17	601,468

13% 5 - year CAGR | 9% [Ⓢ] y-o-y

Total Advances (₹ in crores)

FY 2020-21	623,720
FY 2019-20	571,424
FY 2018-19	494,798
FY 2017-18	439,650
FY 2016-17	373,069

13% 5 - year CAGR | 9% [Ⓢ] y-o-y

Total Deposits (₹ in crores)

FY 2020-21	707,306
FY 2019-20	640,105
FY 2018-19	548,471
FY 2017-18	453,623
FY 2016-17	414,379

15% 5 - year CAGR | 10% [Ⓢ] y-o-y

CASA (₹ in crores)

FY 2020-21	317,749
FY 2019-20	263,706
FY 2018-19	243,394
FY 2017-18	243,852
FY 2016-17	213,050

13% 5 - year CAGR | 20% [Ⓢ] y-o-y

Operating Revenue (₹ in crores)

FY 2020-21	44,077
FY 2019-20	40,743
FY 2018-19	34,838
FY 2017-18	29,585
FY 2016-17	29,784

11% 5 - year CAGR | 8% [Ⓢ] y-o-y

Net Interest Income (NII) (₹ in crores)

FY 2020-21	29,239
FY 2019-20	25,206
FY 2018-19	21,708
FY 2017-18	18,618
FY 2016-17	18,093

12% 5 - year CAGR | 16% [Ⓢ] y-o-y

[Ⓢ] y-o-y: Growth in fiscal 2020-21 vis-à-vis fiscal 2019-20

Operating Profit (₹ in crores)

FY 2020-21	25,702
FY 2019-20	23,438
FY 2018-19	19,005
FY 2017-18	15,594
FY 2016-17	17,585

10% 5 - year CAGR | 10% ↑ y-o-y

Net Profit (₹ in crores)

FY 2020-21	6,588
FY 2019-20	1,627
FY 2018-19	4,677
FY 2017-18	276
FY 2016-17	3,679

Earnings Per Share (Basic) (₹)

FY 2020-21	22.15
FY 2019-20	5.99
FY 2018-19	18.20
FY 2017-18	1.13
FY 2016-17	15.40

Book Value Per Share (₹)

FY 2020-21	332
FY 2019-20	301
FY 2018-19	259
FY 2017-18	247
FY 2016-17	233

8% 5 - year CAGR | 10% ↑ y-o-y

Net Interest Margin (NIM) (%)

FY 2020-21	3.53
FY 2019-20	3.51
FY 2018-19	3.43
FY 2017-18	3.44
FY 2016-17	3.67

Gross/Net NPA ratio (%)

FY 2020-21	3.70
FY 2019-20	4.86
FY 2018-19	5.26
FY 2017-18	6.77
FY 2016-17	5.04

Net NPA | Gross NPA

Financial Ratios (%)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Return on equity	7.22	0.53	8.09	2.34	7.55
Return on assets	0.65	0.04	0.63	0.20	0.70
Capital adequacy ratio	14.95	16.57	15.84	17.53	19.12
Tier - I capital adequacy ratio	11.87	13.04	12.54	14.49	16.47
Cost:asset ratio	2.13	2.17	2.13	2.09	1.96

Previous year figures have been re-grouped wherever necessary. All above figures are standalone

Creating value by... contd.

'One Axis' ecosystem

Each business of the Group is growing stronger and aspiring to be leaders in their domains. We are emerging as a formidable force under the 'One Axis' ecosystem. We follow an integrated approach with deep synergies, and are focusing on cross-selling our products and services through our subsidiaries.

Axis Finance Ltd.

Providing wholesale and retail lending solutions to corporate and retail customers, respectively across geographies and businesses.

- 33% y-o-y growth in loan book (5-year CAGR 27%)
- Return on Equity (ROE) stood at 14.6% and Capital Adequacy Ratio (CAR) at 20.4% for fiscal 2020-21
- Cost to Income stood at 28% for fiscal 2020-21 - among industry's lowest

Profit After Tax	(₹ in crores)
FY 2020-21	211
FY 2019-20	193

9% ↑ y-o-y

Axis Capital Ltd.

One of India's leading financial experts providing focused and customised solutions in the areas of investment banking and institutional equities.

- Completed 60 Investment Banking transactions in fiscal 2020-21, including 14 IPOs, 15 QIPs, 8 Rights issue, 5 OFS, 6 Buybacks, among others
- Established its leadership in REITs as it led fourth consecutive REITs transaction in India
- Reinforced Equity Capital Markets (ECM) leadership with participation as a lead banker in 18 of 24 largest ECM deals in India, collectively worth (\$20 billion)

16.4% to 36.3%
ROE improved in last two years

Profit After Tax	(₹ in crores)
FY 2020-21	166
FY 2019-20	100

66% ↑ y-o-y

A.Treds Ltd.

Digital platform which connects MSME suppliers and corporate buyers to multiple financiers enabling sellers to sell their invoices to financiers, thus unlocking working capital quickly.

- Helped MSMSEs across India's 486 cities and towns who are now able to get their bills discounted from 42 financiers (banks and NBFC factors)
- Digital invoice discounting platform 'Invoicemart' became the 1st TReDS platform to reach ₹10,000 crores worth of MSME invoice discounting and has 36% market share

₹12,456 crores
Cumulative throughput till fiscal 2020-21

~6.6 lakh
Invoices discounted

Axis Asset Management Company Ltd.

Providing 'risk managed investment solutions' and not just investment products to both retail and institutional investors.

- Improved market share to 6.1% at the end of March 2021, up from 5.1% last year, driven by fund performance
- Client folios grew by 34% y-o-y to 80 lakh
- One of India's fastest growing AMCs with 85% equity AUM growth y-o-y

Profit After Tax	(₹ in crores)
FY 2020-21	242
FY 2019-20	121
100% y-o-y growth	

Axis Securities Ltd.

An end-to-end broker, focusing on building an advisory model, with customer acquisitions for the fiscal 2020-21 period up 98% y-o-y to 315,417 customers organically.

- ROE improved from 15.5% to 41% in last two years
- Total customer base has grown 60% y-o-y with 5-year CAGR of 29%
- One of the highest mobile adoption rates in the industry with over 73% volumes coming from Mobile in fiscal 2020-21

Profit After Tax	(₹ in crores)
FY 2020-21	166
FY 2019-20	16
946% ⬆️ y-o-y	

Freecharge Payment Technologies Private Ltd.

Offering digital payments and digital financial service platform, which helps the Bank acquire young, digital native customers, through co-created financial service offerings. It also creates a significant cross-sell base for us.

- Continues to make progress in its payments-led financials services journey with the launch of a 'Buy now Pay later' product
- Reported strong growth in the merchant payment solutions product

Profit After Tax	(₹ in crores)
FY 2020-21	38
FY 2019-20	33
16% ⬆️ y-o-y	

Axis Trustee Services Ltd.

SEBI registered debenture trustee; successfully handled various trusteeship activities (debenture trustee, security trustee, security agent, lenders' agent, trustee for securitisation and escrow agent, among others).

- Assets under custody grew 24% y-o-y to ₹26.44 lakh crores at the end of March 2021

Profit After Tax	(₹ in crores)
FY 2020-21	20
FY 2019-20	18
11% ⬆️ y-o-y	

⬆️ y-o-y: Growth in fiscal 2020-21 vis-à-vis fiscal 2019-20

Listening to...

Changing aspirations and strengthening retail franchise



We reach out to our customers to understand their real needs and concerns, their changing lifestyles, so that we can take product design beyond skin-deep customisation.

Retail Banking

~25 MN

SA customers (2.84 mn new accounts added in fiscal 2020-21)

₹2.13 TN

AUM in wealth management

71%

Sourcing of retail assets from ETB customers

54%

Share of retail advances to total advances

15%

Growth in SA deposits CDAB

10%

Growth in retail advances

62%

Share of retail fee to total fee

*CDAB -Cumulative daily average balance

Above are standalone figures as on/for year ended 31 March, 2021 unless otherwise mentioned

Deposits



- We reported healthy growth in retail savings deposits led by: a) a focused premiumisation strategy; b) deep customer engagement; and c) correct product fitment of our savings account customers. We up-migrated potential customers to the right segment through a seamless consent-based digital journey towards a premium proposition
- Our efforts across Branch Banking, Digital Banking and Axis Virtual Centre (AVC), we have seen significant uplift in the sequential growth trajectory of our granular deposits
- We leveraged the video KYC platform to open ~1.35 lakh accounts for fiscal 2020-21
- We launched an industry-first transformational tool Emergency Savings Planner (ESP) allowing customers to calculate their emergency corpus and build a savings habit and reach the final corpus, within the stipulated period
- Launched 'Aarambh', with new and existing customised product offers (spanning savings accounts, credit cards, retail loans, fixed deposits, insurance, and other financial products) through an in-house developed proprietary algorithm involving multiple data sources

Listening to... contd.

Lending



Launched 300+ branches under the platinum branch concept for Small Business Banking (SBB) that provides various finances



Introduced 'Phygital disbursement' process for personal loans for select ETB customers to avail of instant disbursement

We are trying to diversify and grow our retail loan book, and we believe that it is going to be one of our important growth engines, going forward. The retail credit scenario in India is gradually improving and it is likely to improve further.

Our ₹334,514 crores retail loan book is well diversified and largely secured with a significantly high proportion of ETB and salaried customers. Around

81% of our retail book is secured and the unsecured portfolio is largely salaried.

Our loan origination through digital platforms grew significantly during the year. The insta-lending products focus on seamless customer onboarding, simplifying processes and creating a rewarding digital experience. During the year, we took the following initiatives:

24 x 7

Introduced '24x7' instant personal loan for New-To-Bank (NTB) customers



Tied up with Freecharge for gold loan and auto loan lead generation

Unnati

Launched project Unnati to make processes more efficient, resulting in improved productivity and TAT in home loans

Wealth management



'Burgundy' is India's top wealth management franchises in the country, with assets under management of over ₹2.3 trillion as on 31 March, 2021, a 45% growth over the previous year.

During the pandemic, we launched an engaging customer-connect initiative (Project Outreach) to ensure the well-being of their health and investment portfolio.

Burgundy Private, our private banking business completed its first anniversary. It is a comprehensive and personalised offering that leverages the strength of 'One Axis' to meet specialised wealth and banking requirements of the high- and ultra-high net-worth client segments. Burgundy private now has the trust of over 1,660 families globally.

The Bank offers a 3-in-1 smart metal card with features of a debit, credit and multi-currency card in one to Burgundy Private Customers, which helps them perform their financial transactions seamlessly, both while in India and overseas.

We also launched the fully digital premium banking account opening journey for new customers with unparalleled onboarding customer experience. To suit the new reality of online transactions, the proposition was also enhanced to include several offers and discounts, in addition to the existing benefits across lifestyles, travel and entertainment.

Axis Virtual Centre (AVC)

Our Axis Virtual Centre (AVC) channel has around 1,500 Virtual Relationship Managers managing relationships with our existing customers. This platform is driving customer acquisition, engagement and relationship management. A million interactions happen every week, reaching out to close to 25% of the Bank's book, leveraging technology and a solution-centric approach to customers' conversations. AVC contributes close to 10% of incremental SA and TD deposits, 7% of New Retail Asset Loans, 20% of New Credit Cards and 3% of TPP fees.



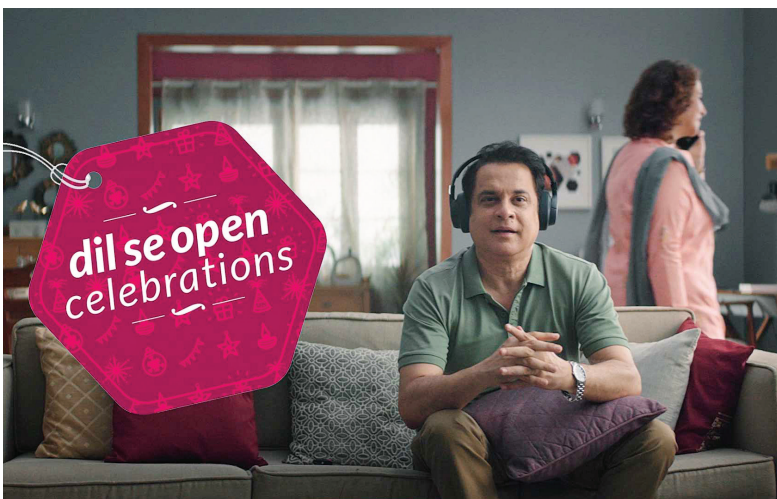
Retail forex and remittances

We are one of the largest players in prepaid forex card market with flagship offering of multi-currency card that allows users to load 16 currency options in one card

We launched 'Axis Bank Club Vistara Forex Card', the first co-branded Forex Card in association with an Indian airline company, Vistara Airlines in fiscal 2020-21. This offering is in addition to the 'World Traveller Forex Card' already offered by the Bank in association with Miles & More, Europe's largest traveller loyalty programme.

Third-party products

We are one of the fastest growing bancassurance industry players with 39% growth in fee earned from selling life insurance policies and 62% growth in fee earned from selling general insurance policies. We have a pool of 1.8 million+ mutual fund customers. We launched Direct-to-Customer (D2C) sales fulfilment process on mobile and internet banking platforms for term and health products ensuring frictionless journeys.



Dil Se Open Celebrations

During the festive time, we launched the campaign 'Jo apno ke dil ki baat sunte hai, humne unke dil ki baat suni' through films and statics. Campaign presented our offers across Cards & Payments, Loans and Subsidiaries bringing to life, One Axis' agenda.

Listening to... contd.

India Inc. and its priorities



We engage with our corporate clients and provide them necessary support to navigate the challenges in the operating environment. The small and medium enterprises have been adversely impacted by the pandemic, and our overall approach has been to address their challenges with compassion, and prioritise the prompt resolution of their concerns. We are also deepening our relationships with better rated corporates through our transaction banking offerings and leveraging 'One Axis' capabilities across the Axis Group.

Wholesale Banking

Wholesale Banking is a strong relationship-led franchise driving synergies across One Axis entities that is a 'one-stop' shop; for banking needs of Indian Corporates. We have segregated the responsibilities of coverage and product groups to ensure sharper focus.

Originations

Focus continues to remain on better rated originations and short-term loans. 94% of incremental sanctions in fiscal 2020-21 were to corporates rated A- and above. 38% of the corporate loans are short-term loans.

Transaction Bank

We are strengthening our position as a transactions-led Bank with clients and become their reliable partner through the business lifecycle. We continue to focus on increasing the share of transaction banking or flow-based businesses that include current accounts, collection and payments solutions, trade services and forex remittances.

Digital Innovation: E - Execution

We have launched an E-execution of loan documents for our Wholesale Banking clients. The customer can now digitally sign documents from the comfort of his/her office/home by way of Aadhaar authentication. This industry-first initiative has contributed to the ease of doing business for customers.

7%

Growth in wholesale advances

31%

Growth in mid-corporate book

85%

Share of corporate advances to clients rated A- and above

1ST

Rank in DCM for rupee bonds[@]

15%

Growth in average CA deposits

9.2%

Market share in GST payments

9.7%

Market share in foreign LCs[#]

3.4%

Market share in forex turnover^{*}

Commercial Banking

Growing CBG is also a strategic priority for us, as we are confident about the potential of India's Small and Medium Enterprises (SME), the real growth engines of the Indian economy. SME lending book is well diversified and predominantly focuses on working capital financing.

Project Sankalp

During the year, we undertook various initiatives under 'Project Sankalp' with a sharper focus on tech digital transformation delivering data-driven credit decisions, minimal documentation, simplified products, digitised operations and unlocking value using data for effective customer interactions.

13%

Growth in CBG advances

60%+

Reduction in documents required

86%

CBG book rated SME-3 or better

30minutes

For pre-screening versus 1 day

84%

Incremental sanctions fiscal 2020-21 to SME3 and above rated customers

3x

Increase in number of client interactions by RMs

#Source: SWIFT Watch

*Source: RBI Report

@Source: FinanceAsia

Above are standalone figures as on/for year ended 31 March, 2021 unless otherwise mentioned

Listening to... contd.

The buzz and accelerating phygital strategy



We are seeing a remarkable digital leap in the way we live, work, shop and play. While Axis has been one of the early adopters of digitalisation in India, we have always given priority to in-person communication, conveying the message that the Bank is always with the customer in good times and bad. We will continue to stay close to our customers, providing reassurance and guidance.

Digital dashboard

73%

Digitally active customers

71%

Saving accounts digitally sourced

71%

Fixed deposits opened digitally

57%

Personal loans digitally disbursed

250+

Services on digital channels

88%

Digital transactions

72%

Credit cards issued digitally

4.6

Mobile app rating

Above are standalone figures as on/for year ended 31 March, 2021 unless otherwise mentioned

We have adapted the Dil Se theme to create an 'OPEN' framework used for reimagining digital customer journeys

O

O-based redesign; putting customer at the centre and rebuilding the entire journey with a O-operations orientation

P

Building proprietary in-house capabilities

E

Ecosystems capable: Built with Axis Bank and its partners in mind

N

Number-crunchers: We are obsessed with numbers that lead to sound metrics and measurable impact across all aspects of our business

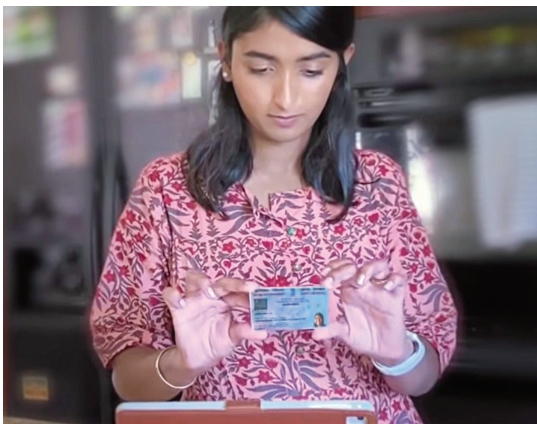
In the last year, the Bank introduced a number of digital products:

- Video KYC based onboarding for savings accounts, current accounts and credit cards; newer digital investment and insurance options across mutual funds, life and general insurance, PPF, digital FDs for NTB customers
- Introduced digital collection modes both on our channels as well as on partners via BBPS; recently launched WhatsApp banking for all banking products across savings account, credit cards, deposits and loans
- Rolled out multiple digital servicing options, which provide customers the convenience of 'at home' and instant servicing and reduce operational workload in the branches
- First in the industry to implement the Account Aggregator framework, a step towards transparency. It allows customers to share their data with other institutions (based on their consent)

Listening to... contd.

Full Power Digital Account

We have launched our game-changing 'Full Power Digital Account'. This is the only account that has 250+ banking services, which means consumers can get an instant debit card, avail of loans, receive pension, and make payments from the comfort of their homes.



Strengthening the core

- **Build platforms:** Facilitate cloud-based, modular and micro-services usage across products and services; API support to drive internal and external integrations
- **Develop data architecture:** For better customer insights, improved reporting and risk-mapping

Transactions and processes

- **Automation of processes:** AI-driven KYC verification for improved accuracy, efficiency and faster turnaround for various processes, including account opening
- AI enablement in SRs raised through Branch/digital channel. AI boosted voice BOT to increase automation and self-service on IVR
- **Branch automation and digitisation:** Lockers, e-registers, automated teller for improved efficiency and CX resulting into better sales



#Reversethekhata

The campaign articulated a compelling message to pay our domestic help through safer ways such as internet and mobile banking. With rising COVID cases, we encouraged everyone to make digital payments, enabling the safe transfer of money to those dependent on our customers in a cashless and secured manner.



Pay using Axis Pay or any UPI App
and help your chaiwala reopen his tea stall.

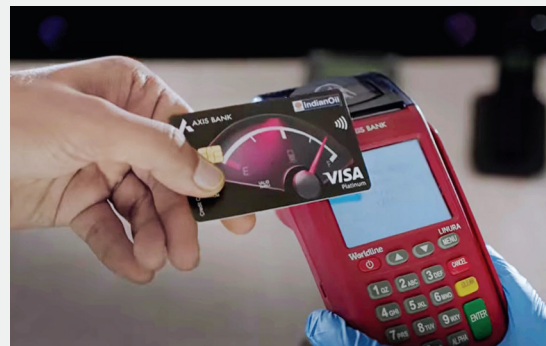
Customer engagement

- Building digital-first customer journeys (VKYC) and reimagining existing journeys (Personal Loan, Credit Cards)
- Building digital journeys to migrate customers to digital servicing
- Digital journeys to be extendable to partner channels to build ecosystems for holistic banking solutions



#TapKeLiyeClap

We reinforced the focus on hygiene to get consumers to shift to contactless card payments. The key idea we tried to communicate is that there is no need to swipe and enter PIN when payments under 2K can be simply done through a tap of one's card.



Nurturing...

A culture of ownership and pride



The rigour and rhythm that we have inculcated in our working is leading to a positive cultural change. We are a team of go-getters, who take challenges in our strides and take pride in what we do for our customers and stakeholders.

United by a common set of values

We are on a journey to define and create a common understanding of our Values



**Customer
Centricity**



Ethics



Teamwork



Transparency



Ownership

In 2020, we designed a Values Scorecard for measuring and monitoring the adoption of values.

Key messages were cascaded to all employees through Axis Values Realizer network of 1000+ employees who conducted storytelling sessions and conversations around values. Our annual recognition programme also celebrates those who have exemplified our values in extraordinary ways.

A culture of diversity, equity and inclusion

'We Lead' is our flagship, women in leadership programme for hiring women from the country's top ranked business schools.

During the reporting year, we launched the Axis Women in Motion initiative - focused on helping female students bridge the gap from their classrooms to any occupation of their choice.



An energised team of young learners and leaders



Axis Bank Young Bankers (ABYB) Programme

is a full-time residential programme to create a talent pipeline for our branches and operations across the country.



ABLE is an MBA campus programme

to build a pipeline of functional experts across various departments. Our engineering campus programme hires technical experts from esteemed engineering institutes to drive the Bank's various technology and analytics initiatives.



Axis Ahead Management Trainees

are recruited from premier B-Schools who take up challenging leadership roles across departments.

Nurturing... contd.



We launched School of Fintech

the first-ever job assured online programme in Fintech space in India. Through the programme, the candidates will be trained in niche skills and placed in IT department. A Priority Banking Relationship Manager programme was launched in November 2020 to provide customised trainings.

CA Campus Hiring

allows us to recruit Chartered Accountants from the Institute of Chartered Accountants of India (ICAI) for specialist roles in departments like Risk, Internal Audit, Finance and Accounts, and Commercial Banking.

Growing talent within

provides development opportunities through internal mobility. All new positions are put on our internal job portal (Catalyst) where employees can apply for roles at or one grade above their present designation across the Axis group.

Go beyond limits

Our training interventions help deliver distinctive customer experiences through differentiated employee capability. This covers multiple programmes such as Go Beyond a training programme, focused on both behavioural aspects and domain expertise.



2.11 MN hours

Of training through virtual classroom sessions conducted for 60,685 employees

Redefine is a first-of-its-kind tie-up with **Coursera** to provide our best talent access to world-class faculty and best-in-class content from the top universities across the world.



Axis Academies

Provide an opportunity for all staff members to familiarise themselves with the basics of credit, risk, trade and forex and business analytics, as well as enable staff to gain in-depth domain knowledge. Axis Competency Profiler (ACP) is an assessment engine focused on building functional competencies specific to every role and is linked to promotions and role transitions.





Talent to empower the new world of work

The transition to remote work challenged us to redefine our operating models and build new formats of employment beyond traditional full-time models.

GIG-A-Opportunities was launched in August 2020 as a pilot to recruit specialists on short-term contracts and candidates outside our corporate location, in full-time virtual positions.

There is:



45%

Diversity in gender and age



54%

Have not worked in the banking sector before



44%

Outside metro locations

The Bank has launched a hybrid work model in large offices with people coming in two days a week.

A programme has been launched for existing employees to work from anywhere. Under this programme, a risk and productivity-linked framework has been used to identify roles that can be permanently virtual. In the next 12-18 months, the Bank envisions that 30% of non-customer facing roles will have alternate formats, including hybrid work, work from anywhere and skilled contractor models.

We received

60,000+
Applications

Dil Se Thank You

As a part of this initiative, we acknowledged the contribution of frontline COVID workers. We also paid tribute to all bankers and acknowledged them as a key category of frontline workers.

Zindagi Rahe Open

Through this campaign, we paid tribute to both our employees as well as the banking fraternity of our country.

Caring...

For the communities around us



We support meaningful and measurable change in the lives of socially and economically excluded communities across the country. Our diverse programmes are created to cater to needs of communities aimed at improving their lives and livelihoods.

Sustainable Livelihoods Programme

Axis Bank Foundation (ABF) has been working in partnership with NGOs to create long-term positive impact on livelihoods for rural communities.

Launched in 2018, Mission2Million is our commitment to support 2 million households improve their lives and livelihoods. To achieve this, ABF engages with communities by introducing them to a 'basket of livelihoods' and developing skills to improve decision-making, fostering leadership qualities and leading them to financial independence.

ABF's ongoing commitment across rural livelihoods and skill development



28

Projects*



23

Partner organisations*



0.23 MN

Households/
trainees
impacted in fiscal
2020-21

* As on 31 March, 2021

Axis DilSe

In April 2020, we launched Axis DilSe in Manipur in partnership with the Sunbird Trust. The three-year programme seeks to strengthen and upgrade the Lyzon Friendship School – a special school focusing on the rural poor and tribal children of the region, along with helping develop other support facilities in the vicinity. Axis DilSe is supporting the expansion of the school's infrastructure, pedagogy and teaching methodologies, and developing infrastructure to enable the school to play a larger role in the sustainable economic development of the region.

Under Axis DilSe, during the COVID-19 induced lockdown, we supported Lyzon Friendship School's digital learning initiatives by providing 50 tablets to ensure continuity in teaching and learning.



Axis Bank Scholars

We came together with Ashoka University, one of India's leading private liberal arts and sciences university, to support academic scholarship for female students enrolled in the three-year undergraduate programme in any of the STEM disciplines offered by the University, over a five-year period from 2020 to 2025.

During fiscal 2020-21, we supported 10 women students as 'Axis Bank Scholars'.



Caring... contd.

Project Akshar

We commenced Project Akshar in 2017 to create a more financially literate society among the digitally active, urbanised consumers of banking services.

With content in both Hindi and English, the project portal (www.projectakshar.com) uses an interactive and gamified approach to make personal financial learning fun and interesting.

Since its inception, the programme has touched over 12 lakh individuals; and has over 4.5 lakh registered users cumulatively till 31 March, 2021.



The Museum of Solutions, Mumbai

We partnered with the JSW Foundation to support the creation of the Museum of Solutions, a state-of-the-art children's museum being built in Lower Parel, Mumbai. Scheduled to open in January 2022, the museum will offer an iconic space, where children can engage and collaborate to develop as well-rounded, curious individuals.



We collaborated with Farmer Producer Organisations (FPOs) and Self Help Groups (SHGs) to provide various social supports such as aggregating harvest sales, raising awareness of different government schemes, helping find alternative employment, and so on.



Sarojini Majhi, a member of Maa Annapurna Self Help Group (SHG) harvests brinjal from her one acre farm in Sanchergaon village, Odisha. ABF supports her SHG and many more across India with vegetable seeds to ensure round-the-year food supply and earnings.

Multi-pronged COVID response

The pandemic put huge pressure on India's medical infrastructure and on professionals engaged in this field, as the health sector faced massive challenges to scale up essential medical and healthcare formats. We took proactive steps to mitigate citizens' hardships by collaborating with various frontline warriors and institutions

- Spread awareness on COVID, hygiene, sanitation, medical and hygiene supplies
- Spread awareness on vaccination and facilitation drives
- Supported communities and people through grocery and food aid
- Created COVID care and isolation centres at panchayat and block level
- Raising awareness of different government schemes for rural communities
- Helped expansion of health facilities across various rural communities



Volunteers from the communities and grassroots leaders, trained by ABF's projects, conducted online training sessions in small groups to impart knowledge.

Angad Singh from Baskhali village, Madhya Pradesh is now able to secure his farm's production by creating a farm pond. ABF supports farmers like Singh to optimise their farm production and reduce crop failures, by improving their access to water.



Empowering...

A nation of billions



We believe sustainable financial inclusion has to be backed by adequate financial awareness. Our awareness programmes (trainings, workshops and so on) help educate our customers and citizens. We also conduct engaging and emotive awareness campaigns to disseminate information about safe banking practices.

Driving financial inclusion

Our branches/banking outlets (2,262) and business correspondent managed customer service touchpoints (14,162) across semi-urban and rural locations (spanning 33 states and Union Territories) help us reach out to the unbanked and under-banked and bring them to the economic mainstream. Financial Inclusion is an integral part of our strategy, especially for rural and semi-urban geographies and is built around the following pillars:

Reaching deeper across India

As on 31 March, 2021, 9.06 lakh saving accounts were opened under the Pradhan Mantri Jan Dhan Yojana.

Enrolled under various social security schemes

9.34 LAKH

Pradhan Mantri
Suraksha Bima Yojana

2.68 LAKH

Pradhan Mantri
Jeevan Jyoti Bima Yojana

7.15 LAKH

Atal Pension Yojana

Provided access to micro credit to

16 LAKH+

Customers through
microfinance lending

~21 LAKH

Customers under
Pradhan Mantri Mudra Yojana

Creating awareness on financial product and services

During fiscal 2020-21, we undertook the following initiatives:

Specifically, with respect to microfinance customers,

8 LAKH+

Customers were reached out to
through financial literacy and
preventive healthcare awareness
drives

9 LAKH+

Customers were educated
under the 'Sachetana' initiative
on the preventive measures
to safeguard oneself and one's
family from the impact of
the pandemic

1,200+ PEOPLE

Reached out through 155 drives
conducted by branches in rural
geographies

Financial Literacy Programme

Axis Bank has been running a comprehensive Financial Literacy Programme since 2018 named **Axis Sahyog** – a retail microfinance initiative to expand financial inclusion and deepen financial literacy among women from economically weaker backgrounds, in both rural and urban India. The programme specifically focuses on financial literacy campaigns, improved awareness on family health and

hygiene, and awareness on relevant government schemes, such as Pradhan Mantri Mudra Yojana (PMMY) and Pradhan Mantri Jan Dhan Yojana (PMJDY).

During fiscal 2020-21, our Rural Lending vertical, in partnership with its BC partners conducted Financial Literacy and Health Awareness programmes in 22 states and one Union Territory. This year, the programme also ran a new initiative—**Sachetana**—to raise awareness on COVID-19-related personal safety and hygiene.

Empowering... contd.

Broad basing government services

We are authorised by the Reserve Bank of India and the Government of India to handle government's various banking transactions, which includes the following services: collection of direct taxes and GST taxes on the Government's behalf; disbursement of pensions to central civil service retirees as well as defence department retirees; and banking services for the Ministry of Urban Development, Ministry of Housing and Poverty Alleviation, Controller General of Accounts, Ministry of Finance and Institute of Government Accounts and Finance.



Celebrating together



Mother's Day

When it comes to our mothers, they often use the names of their children as passwords. On Mother's Day we launched a campaign for mothers with a special message to protect their precious savings from fraud.



Children's Day

We decided to get children to perform a rendition of a legendary Carnatic classical song to create an impactful awareness about the rising shopping scams.



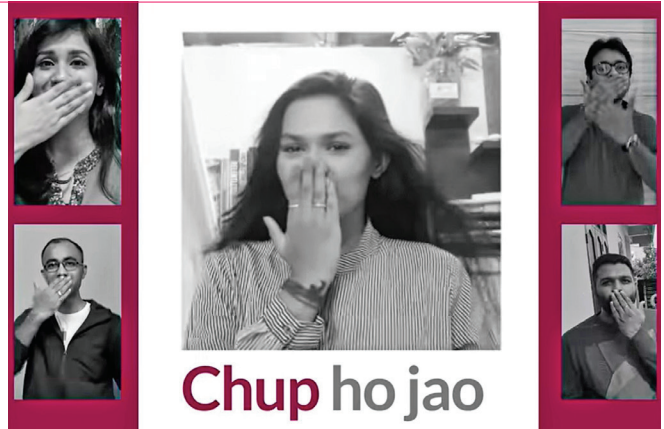
#TapForTheNation

Continuing the conversation around TapKeLiyeClap on Independence Day, delivering the key message of keeping our nation safe.

#ChupHoJao

As thought leaders in communicating safe banking, we create a campaign to create awareness among all account holders on online banking scams.

We used a song from a famous OTT show to participate in pop culture and stay current and contextual to the digital audience. Our employees featured from their homes in the song to increase brand trust and ensure that we are there to help customers bank safely.



#BillinTheMiddle

The campaign showcased a unique experiment-led film on the Women's Day to draw attention to the perceived notion that women are financially dependent on their male counterparts. The campaign highlighted different scenarios with a common theme. Between choosing the restaurant, the seating arrangement and even the menu, women always take the lead. However, when it comes to paying the bill, it is always offered to the man present at the table.



Messaging on COVID Vaccine Fraud

Launched the COVID-19 safe banking campaign with a COVID Caller Tune (by Jasleen Kaur), highlighting the latest vaccine registration-related financial scams.



Risk management

Bolstering our safeguards in an uncertain business environment

We are exposed to various risks that are integral to any banking business, with the major risks being credit risk, market (including liquidity) risk and operational risk.

Our objective is to ensure that there is an appropriate balance between risks and return; and we have implemented comprehensive policies and procedures to identify, monitor and manage risk throughout our Bank. Our risk-management mechanism is based on the understanding of various types of risks, disciplined risk assessment and continuous monitoring, including relying on comprehensive processes and internal control mechanisms for effective and continuous monitoring and control of risks.

During fiscal 2020-21, we continued to strengthen our risk management framework and implemented several steps to improve our policies, structures and processes. These measures include:

Focused on portfolio diversification to reduce concentration risks, including less exposure to project loans and added emphasis on transaction banking and working capital businesses.

Higher quality credit portfolio, with fresh originations predominantly from entities rated A- or better.

Continuous credit monitoring and improved early warning systems for potential stress.

More collections through optimised queuing strategy and channel selection.

Objectives and policies

Our risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors.

The Board sets the overall risk appetite and philosophy for our Bank.

The Committee of Directors, the Risk Management Committee and the Audit Committee of the Board, which are sub-committees of the Board, review various aspects of risk arising from our businesses.

Various senior management committees such as:

- **The Asset Liability Management Committee (ALCO)**
- **Operational Risk Management Committee (ORMC)**
- **Credit Risk Management Committee (CRMC)**

and so on operate within the broad policy framework, and oversee risks of their respective functional areas.

We have put in place a reputation risk management framework and policies relating to the management of credit risk, market risk, operational risk, information security risk, subsidiary risk and asset-liability both for the domestic as well as overseas operations, along with overseas subsidiaries. The overseas policies are drawn, based on the risk perceptions of these economies and our risk appetite.

We have also formulated a comprehensive Stress Testing Policy to measure the impact of adverse stress scenarios on capital adequacy.

All the risk policies are approved by the Risk Management Committee of the Board (RMC).

Structure for risk management

The Chief Risk Officer reports to the Managing Director & CEO and the Risk Management Committee of the Board oversees the functioning of the Risk Department.

The Department has separate teams for Pandemic Risk, Credit Risk, Market Risk (including Treasury Mid Office), Enterprise Risk, Operational Risk, Risk Analytics, Risk Data Management and Information Security Risk. These teams report to the Chief Risk Officer.

Strategic risks	Risk description	Risk class	Mitigation measures
<p>Pandemic risk</p> <p>(industry productive capacity, fluctuations or variability in prices of products/services, stress on gross margins)</p>	Risk of disruption to Bank's operations due to the COVID-19 pandemic and lockdown response thereto.	↔	<p>Set up a Central Emergency Response Team (CERT) which is monitoring key aspects of the Bank operations on a continuous basis. This includes:</p> <ul style="list-style-type: none"> a) Ensuring health of staff b) Ensuring channel operations continuity c) Rolling out and monitoring remote working to ensure operations are conducted smoothly and seamlessly
<p>Credit risk</p> <p>(includes country risk and counterparty risk)</p>	Risk of loss on account of non-payment of obligations owed to the Bank.	↑	<ul style="list-style-type: none"> - Transaction approval/Onboarding process - Rating models and scorecards
<p>Concentration risk</p>	Risk of large exposures to specific borrowers, groups, sectors, geographies etc. which carry higher correlation inter se.	↑	<ul style="list-style-type: none"> - Portfolio limits
<p>Market risk</p>	Risk of loss in trading positions due to adverse movement in market factors.	↑	<ul style="list-style-type: none"> - Dealer limits - Portfolio limits - Dealer conduct monitoring
<p>Liquidity risk</p>	Risk of inability to meet obligations of the Bank as and when they come up for paying.	↓	<ul style="list-style-type: none"> - Monitoring of liquidity position - Limits around structural liquidity - LCR and NSFR limits
<p>Operational risk</p>	Risk of loss due to factors linked to people, process or systems or external events.	↓	<ul style="list-style-type: none"> - Product and process change approval process - Monitoring of key operational risk indicators - Review of processes and systems and controls therein

↑ High
 ↔ Medium
 ↓ Low

Awards and accolades

Every recognition keeps us motivated



Best Digital Bank

Business Today & KPMG Best Banks Awards



Private Sector Bank - Silver Shield

ICAI Awards for Excellence in Financial Reporting



Best Branded Content

The Economic Times Brand Equity Shark Awards



Most Recommended Retail Bank

Asian Banker Awards



Best Bank for Innovation

Finnoviti Awards



Best Cyber Security Project & Best Risk Management Project

The Asset Digital Awards



Best Engagement & Loyalty Scheme of the Year

Payments & Cards Awards



Most Helpful Bank during COVID-19

Asian Banker Awards



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Directors' Report

The Board of Directors of the Bank (the Board) have the pleasure of presenting the 27th Annual Report of the Bank together with the Audited Financial Statements, Independent Auditors' Report and the Report on the business and operations of the Bank, for the financial year ended 31 March, 2021.

Financial Performance and the State of the Bank's Affairs:

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

(₹ in crores)			
Particulars	2020-21	2019-20	Growth
Deposits	707,306	640,105	10%
• Savings Bank Deposits	204,473	173,592	18%
• Current Account Deposits	113,276	90,114	26%
Advances	623,720	571,424	9%
• Retail Advances	334,514	305,400	10%
• Non-retail Advances	289,206	266,024	9%
Total Assets / Liabilities	996,118	915,165	9%
Net Interest Income	29,239	25,206	16%
Other Income	14,838	15,537	(4%)
• Fee Income	10,686	11,019	(3%)
• Trading Profit ⁽¹⁾	2,547	2,420	5%
• Miscellaneous Income	1,605	2,098	(23%)
Operating Expenses	18,375	17,305	6%
Operating Profit	25,702	23,438	10%
Provision for Tax	2,217	3,277	(32%)
Other Provisions and Write offs	16,896	18,534	(9%)
Net Profit	6,589	1,627	305%
Balance in Profit and Loss account brought forward from previous year	26,190	24,323	
Amount Available For Appropriation	32,779	25,950	
Appropriations			
Transfer to Statutory Reserve	1,647	407	
Transfer to Capital Reserve	848	340	
Transfer to Reserve Fund	-	1	
Dividend paid (includes tax on dividend)	-	289	
Transfer to Investment Fluctuation Reserve	326	328	
Surplus carried over to Balance Sheet	29,958	24,585	

⁽¹⁾ Excluding Merchant Exchange Profit

Key Performance Indicators

Key Performance Indicators	2020-21	2019-20
Interest Income as a percentage of working funds*	6.78%	7.56%
Non-interest Income as a percentage of working funds*	1.58%	1.87%
Net Interest Margin	3.53%	3.51%
Return on Average Net Worth	7.55%	2.34%
Operating Profit as a percentage of working funds*	2.74%	2.83%
Return on Average Assets	0.70%	0.20%
Profit per Employee**	₹ 8.66 lacs	₹ 2.40 lacs
Business (Deposits less inter-bank deposits + Advances) per employee**	₹ 17.13 crores	₹ 17.27 crores
Net non-performing assets as a percentage of net customer assets***	1.05%	1.56%

* Working funds represent average total assets

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

*** Customer assets include advances and credit substitutes

Previous year figures have been re-grouped wherever necessary

Change in the Nature of Business

During the year under review, there has been no change in the nature of business of the Bank.

Capital Structure

Share Capital

During the year, the Bank raised additional equity capital through issue and allotment of 23,80,38,560 equity shares of ₹ 2/- each of the Bank at a price of ₹ 420.10 per Equity Share, on 11 August, 2020, pursuant to a Qualified Institutional Placement Issue, in accordance with the relevant provisions of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Section 42 of the Companies Act, 2013 and the relevant Rules made thereunder.

Consequently, the total issued and paid-up equity share capital of the Bank increased by ₹ 47.61 crores and the reserves of the Bank increased by ₹ 9,915.41 crores after charging off issue related expenses. The said funds were raised to further strengthen the Bank's CET 1 ratio and to ensure that the Bank is well placed to deal with COVID impact on business from a position of strength, while ensuring that there is adequate capital to support its growth as the economy revives. The Audit Committee of Board of the Bank (Audit Committee) at its meeting held on 28 October, 2020, has reviewed and confirmed that the Bank has utilised the said funds for the above-mentioned purposes and there was no deviation in utilisation of the said funds.

During the year, the Bank also issued and allotted 40,32,158 equity shares of ₹ 2/- each of the Bank, pursuant to exercise of stock options by some of the Whole Time Directors / Employees of the Bank and that of its subsidiary companies, under the various Employee Stock Option Scheme(s).

Pursuant to the above allotments, the total issued and paid-up equity share capital of the Bank increased by ₹ 48.41 crores to ₹ 612.75 crores as on 31 March 2021, as compared to ₹ 564.34 crores, as on 31 March, 2020.

The category wise Shareholding Pattern of the Bank, as on 31 March, 2021, was as under:

Sr. No.	Category / Shareholder	No. of Shares held	% of total issued & paid-up Capital
Promoters			
1	Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	10,31,75,065	3.37
2	Life Insurance Corporation of India	24,48,21,645	7.99
3	General Insurance Corporation of India	3,08,55,229	1.01
4	The New India Assurance Company Limited	2,05,91,585	0.67
5	National Insurance Company Limited	5,49,681	0.02
6	The Oriental Insurance Company Limited	49,77,520	0.16
7	United India Insurance Company Limited	9,13,248	0.03
Foreign Investors			
8	Overseas Investors (including FIIs / OCBs / NRIs)	1,76,62,09,517	57.65
9	Foreign Direct Investment (GDR)	7,57,39,625	2.47
Domestic Financial Institutions			
10	Financial Institutions / Mutual Funds / Banks / NBFC / INC / AIF	60,51,95,660	19.75
11	Others	21,07,19,877	6.88
Total		3,06,37,48,652	100.00

Re-classification to "Public" category from "Promoter" category

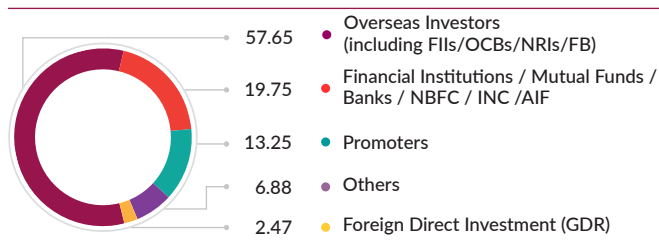
Three promoter entities of the Bank viz. United India Insurance Company Limited, National Insurance Company Limited and The New India Assurance Company Limited have requested the Board of the Bank to reclassify them to "Public" category from "Promoter" category, in terms of Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") as amended.

The Board at its meetings held on 27 February, 2021, 26 March, 2021 and 28 April, 2021 respectively, 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 SEBI Listing Regulations.

Directors' Report

Shareholding Pattern as on 31 March, 2021

Shareholding Pattern (%)



Listing

The Equity Shares of the Bank and the Unsecured Redeemable Non-Convertible Subordinated Perpetual Debentures issued by the Bank, on a private placement basis, are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Bonds issued by the Bank under the MTN programme are listed on Singapore Stock Exchange and the Green Bonds issued by the Bank are listed on London Stock Exchange.

Depository Receipts

The Global Depository Receipts (GDR) issued by the Bank are listed on London Stock Exchange.

The Bank has paid the listing fees to the said Stock Exchanges, in respect of the above securities, for the financial year 2020-21.

Dividend

In terms of Regulation 43A of the SEBI Listing Regulations, the Bank has formulated and adopted a Dividend Distribution Policy with the objective of appropriately rewarding Shareholders through dividends while retaining the capital required for supporting its future growth. The said Policy was reviewed by the Board at its meeting held on 27 April, 2021 and the same has been hosted on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance>.

The Diluted Earnings per Share (EPS) of the Bank for the financial year 2020-21 stood at ₹ 22.09 per equity share of ₹ 2/- each as compared to ₹ 5.97 per equity share of ₹ 2/- each in the previous financial year. The said increase in EPS reflects the Bank's confidence in its ability to consistently grow earnings over time.

The Reserve Bank of India (RBI), through its notification dated 4 December, 2020 stated that in view of the ongoing stress and heightened uncertainty on account of 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.

Further, the Board at its meeting held on 27 April, 2021 has 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 arising therefrom.

Deposits

Being a banking company, the disclosures relating to deposits as required under Rule 8(5) (v) & (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Companies Act, 2013, are not applicable to the Bank.

Ratings of Various Debt Instruments

The details of all credit ratings obtained by the Bank along with any revisions thereto, during the financial year 2020-21, for all the debt instruments outstanding as on 31 March, 2021, are disclosed in the Report on Corporate Governance, forming part of this report.

Board of Directors

During the year, the following changes took place in the composition of the Board of the Bank:

- Pursuant to the recommendation of the Nomination and Remuneration Committee of Directors (the NRC), the Board on 29 April, 2020, approved the re-appointment of Shri Rakesh Makhija as an Independent Director of the Bank, for his second term as such, with effect from 27 October, 2020 up to 26 October, 2023 (both days inclusive) i.e. up to the expiry of his tenure of 8 years as a director of the Bank, in terms of the provisions of Section 10A (2A) of the Banking Regulation Act, 1949, after taking into account the outcome of his performance evaluation. The said re-appointment was approved by the Shareholders of the Bank at the 26th Annual General Meeting of the Bank held on 31 July, 2020, by means of a Special Resolution. During the said period, Shri Rakesh Makhija will not be liable to retire by rotation, in terms of the provisions of Section 149 (13) of the Companies Act, 2013.
- Pursuant to the recommendation of the NRC, the Board on 29 June, 2020, approved the appointment of Shri T.C. Suseel Kumar, Nominee of Life Insurance Corporation of India (LIC), Promoter of the Bank, as an Additional Non-Executive (Nominee) Director of the Bank, w.e.f. 1 July, 2020, in terms of Article 90 (1) (c) of the Articles of Association of the Bank

and the provisions of Section 161 of the Companies Act, 2013. The said appointment was approved by the Shareholders of the Bank, by means of an Ordinary Resolution at the 26th Annual General Meeting of the Bank held on 31 July, 2020. Shri T. C. Suseel Kumar shall be liable to retire by rotation, in terms of the provisions of Section 152 of the Companies Act, 2013.

- Pursuant to the recommendation of the NRC, the Board on 22 July, 2020, approved the appointment of Smt. Meena Ganesh as an Independent Director of the Bank, for a period of 4 (four) years, with effect from 1 August, 2020 up to 31 July, 2024 (both days inclusive). The said appointment was approved by the Shareholders of the Bank, by means of an Ordinary Resolution passed through Postal Ballot on 9 December, 2020. During the said period, Smt. Meena Ganesh shall not be liable to retire by rotation, in terms of the provisions of Section 149 (13) of the Companies Act, 2013.
- Shri Pralay Mondal resigned as the Executive Director (Retail Banking) of the Bank, with effect from the close of business hours on 14 September, 2020. The Board places on record its appreciation for the contributions made by Shri Pralay Mondal during his tenure as the Executive Director (Retail Banking) of the Bank.
- Pursuant to the recommendation of the NRC, the Board on 28 October, 2020, approved the re-appointment of Smt. Ketaki Bhagwati as an Independent Director of the Bank, for her second term as such from 19 January, 2021 up to 18 January, 2024 (both days inclusive) i.e. up to the expiry of her tenure of 8 (eight) years as a Director of the Bank, in terms of the provisions of Section 10A (2A) of the Banking Regulation Act, 1949, after taking into account the outcome of her performance evaluation. The said re-appointment was approved by the Shareholders of the Bank, by means of a Special Resolution, passed through Postal Ballot on 9 December, 2020. During the said period, Smt. Ketaki Bhagwati shall not be liable to retire by rotation, in terms of the provisions of Section 149 (13) of the Companies Act, 2013.
- Pursuant to the recommendation of the NRC, the Board on 28 October, 2020, approved the appointment of Shri Gopalaraman Padmanabhan as an Independent Director of the Bank, for a period of 4 (four) years, with effect from 28 October, 2020 up to 27 October, 2024 (both days inclusive). The said appointment was approved by the Shareholders of the Bank, by means of an Ordinary Resolution passed through Postal Ballot on 9 December, 2020. During the said period, Shri Gopalaraman Padmanabhan shall not be liable to retire by rotation, in terms of the provisions of Section 149 (13) of the Companies Act, 2013.
- Pursuant to the recommendation of the NRC, the Board on 28 October, 2020, approved the appointment of Shri Ashish Kotecha as an Alternate Director to Shri Stephen Pagliuca, Non-Executive (Nominee) Director of the Bank, with effect from 1 November, 2020, in terms of the provisions of Section 161 of the Companies Act, 2013, the relevant Rules made thereunder. The tenure of Shri Ashish Kotecha as an Alternate Director shall be co-terminus with that of Shri Stephen Pagliuca, Original Director i.e. up to close of the business hours on 18 December, 2021, in terms of the Investor Agreement dated 10 November, 2017.
- Shri Rohit Bhagat ceased to be an Independent Director of the Bank, with effect from the close of business hours on 15 January, 2021, upon completion of the maximum permissible tenure of 8 (eight) continuous years, in terms of the provisions of Section 10A (2A) of the Banking Regulation Act, 1949. The Board acknowledges the invaluable contributions rendered by Shri Rohit Bhagat during his tenure as an Independent Director of the Bank and places on record its deep appreciation for the insightful perspectives and suggestions provided by him at the meetings of the Board / Committees of the Bank.
- Shri B. Baburao, Nominee of SUUTI, Promoter of the Bank resigned as the Non-Executive (Nominee) Director of the Bank, with effect from 22 January, 2021, pursuant to the guidance received from SUUTI. The Board acknowledges the invaluable contributions rendered by Shri B. Baburao during his tenure as a Non-Executive (Nominee) Director of the Bank and places on record its deep appreciation for the insightful perspectives and suggestions provided by him at the meetings of the Board / Committees of the Bank.
- Pursuant to the recommendation of the NRC, the Board on 27 January, 2021, approved the appointment of Smt. Vasantha Govindan as an Additional Non-Executive (Nominee) Director (Nominee of SUUTI) of the Bank, with effect from the said date and to hold office at such up to the date of the ensuing Annual General Meeting, in terms of Articles 90 (1) (c) of the Articles of Association of the Bank and the provisions of Section 161 of the Companies Act, 2013. Smt. Vasantha Govindan shall be liable to retire by rotation in terms of the provisions of Section 152 of the Companies Act, 2013.
- Pursuant to the recommendation of the NRC, the Board at its meeting held on 28 April, 2021, approved the proposals relating to:
 - Re-appointment of Shri Amitabh Chaudhry as the Managing Director & CEO of the Bank, for a further period of 3 (three) years, w.e.f. 1 January, 2022 up to 31 December, 2024 (both days inclusive). The terms and conditions relating to the said re-appointment, including remuneration, will be placed for review and approval of the Board at its meeting to be held in May, 2021, which shall be subject to the approval of the RBI and the Shareholders of the Bank.

Directors' Report

- Re-appointment of Shri Rajiv Anand as the Executive Director (Wholesale Banking) of the Bank, who is liable to retire by rotation at the ensuing Annual General Meeting, and who being eligible had offered himself for re-appointment, in terms of the provisions of Section 152 (6) of the Companies Act, 2013.

Resolution(s) in respect of appointment / re-appointment of the Directors, as aforesaid, have been included in the Notice convening the 27th Annual General Meeting of the Bank. Brief profiles of the said Directors have been annexed to the said Notice.

The Board has formed an opinion that the said Independent Directors who have been appointed / re-appointed, have the integrity, expertise and experience (including proficiency), which is beneficial to the business interest of the Bank.

Selection and Appointment of Directors

The selection and appointment of Directors of the Bank is done in accordance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Banking Regulation Act, 1949, the Guidelines issued by the RBI and the relevant provisions of the SEBI Listing Regulations relating to Corporate Governance, as amended, from time to time.

The Bank has formulated and adopted the Succession Planning Policy for the Board of Directors and Key Officials of the Bank (the Policy), which has been subjected to an annual review by the NRC and the Board.

The objective of the Policy is to *inter alia* assess, identify and nominate suitable candidates to fill vacancies that may arise for positions of the Non-Executive Chairperson, Independent Directors, Managing Director & CEO (MD & CEO), Whole-Time Directors, Group Executives, Key Managerial Personnel and other Key officials of the Bank / subsidiary companies, from time to time, to plan for succession of the said roles and to fill any vacancies that may arise out of impending move or retirement or resignation or sudden exit or for any reason whatsoever in such roles, incumbent or named successors, significant changes in role accountabilities, substantive changes in the business parameters and changes to the role holder or successor's aspiration.

The Policy also seeks to identify the competency requirements for the said positions, the process to identify potential candidates and develop required competencies through planned training, development and learning initiatives.

The NRC is responsible to the Board for leading the succession planning process in respect of appointments / re-appointments of Directors, employees in the grade of Senior Management, Key Managerial Personnel and other Key officials of the Bank.

In terms of the Policy, only an Independent Director can be considered for the post of the Non-Executive (Part-Time) Chairperson of the Bank and the succession planning process for the post of the Non-Executive (Part-Time) Chairperson / Independent Director is required to be initiated 6 (six) months prior to the expiry of their current term or in case of unforeseen circumstances, with immediate effect.

Further, the succession planning process for the post of the MD & CEO and Whole-time Directors of the Bank is required to be initiated at-least 9 (nine) months prior to the expiry of their current term or their date of retirement or as soon as the Bank is informed of the decision of the MD & CEO or the Whole-time Director to resign or opt for an early retirement from the services of the Bank, as the case may be, or in case of unforeseen circumstances, with immediate effect.

The Policy also provides for the course of action to be initiated in case of delay or non-receipt of regulatory / statutory approvals, relating to appointment / re-appointment of the MD & CEO or the Whole-time Director of the Bank or in case of a sudden vacancy in the position of MD & CEO or the Whole-time Director of the Bank, caused due to death or permanent incapacitation or for any other reason whatsoever.

The NRC considers, the skill set, knowledge, regional and industry experience, track record, expertise and other relevant information and adherence to the fit and proper norms by each Director, before making appropriate recommendations to the Board with regard to their appointment / re-appointment, which is designed to provide the Board with Members who have diverse knowledge, practical experience and requisite set of skills to serve the business interests of the Bank and enhance the overall effectiveness of the Board.

Wherever necessary, the NRC engages the services of an External Consultant / expert in the field of succession planning, to identify and assess the suitability of candidates for the post of a Director of the Bank.

The Bank has also formulated and adopted the Policy on 'Fit and Proper Criteria to enable the NRC to assess and confirm to the Board that the person who is considered for being appointed / re-appointed as a Director of the Bank, is compliant with the Fit and Proper norms, as prescribed by the RBI and the relevant provisions of the Companies Act, 2013, the SEBI Listing Regulations, the Banking Regulation Act, 1949 and the Guidelines issued by IRDAI, and as such is suitable to be appointed / re-appointed as a Director of the Bank and recommend the same for the approval of the Board.

In terms of the said Policy, the NRC assesses the 'Fit and Proper' status of the Director, before considering his candidature for appointment / re-appointment as a Director of the Bank and annually i.e. as at 31st March every year.

The Directors of the Bank also sign the deed of covenants which binds them to discharge their responsibilities to the best of their abilities, individually and collectively in order to be eligible for being appointed / re-appointed as a Director of the Bank.

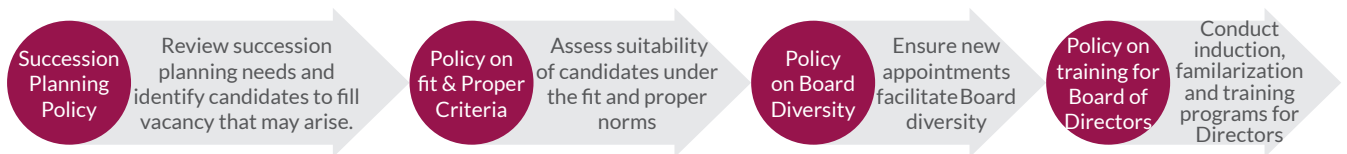
The prescribed information as stated in the forms / declarations / undertakings / consent given by the Directors (other than that of the Members of the NRC) are placed before the NRC and those submitted by the Members of the NRC are placed before the Board, for its review and confirmation, as aforesaid.

Policy on training for Board of Directors

The Bank has formulated and adopted the Policy on Training for Board of Directors (the Policy), which aims at providing timely and wholesome orientation and training to its Directors to ensure that they are well versed with the business, regulatory and operational aspects of Banking.

The said Policy covers the following:

- (i) Induction Program to be conducted for the Directors on their appointment on various aspects relating to business and operations of the Bank.
- (ii) Familiarization program to be conducted for Directors to familiarize them *inter alia* with the Bank, their roles, rights, responsibilities in the Bank, nature of industry in which the Bank operates and the business model of the Bank.
- (iii) Continuous Education and Learning Program which includes training programs / sessions, involving reputed consulting firms / experts, with in-depth expertise in various areas taking into account the business requirement of the Bank, the existing skill sets of the Directors and recommendations made by them.



Declaration of Independence

All the Independent Directors of the Bank have submitted the requisite declarations stating that they meet the criteria prescribed for independence under the provisions of Section 149 (6) of the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations, which were placed before the Board. The Board has confirmed and taken on record the declaration of Independence provided by the Independent Directors, after undertaking due assessment of the veracity of the same. In the opinion of the Board, all the Independent Directors fulfil the conditions specified under the said norms and are independent of the Management.

Certificate from a Company Secretary in Practice

In terms of Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, the Bank has obtained a Certificate from BNP & Associates, Practising Company Secretaries confirming that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the companies either by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory / Regulatory Authorities. The said certificate is annexed as part of this report.

Key Managerial Personnel

Shri Amitabh Chaudhry, Managing Director & CEO, Shri Rajiv Anand, Executive Director (Wholesale Banking), Shri Rajesh Dahiya, Executive Director (Corporate Centre), Shri Puneet Sharma, President & Chief Financial Officer and Shri Girish V. Koliyote, Company Secretary are the Key Managerial Personnel of the Bank, in terms of Section 203(1) read with Section 2(51) of the Companies Act, 2013 and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Board Performance Evaluation

The Companies Act, 2013 and the SEBI Listing Regulations relating to Corporate Governance provides for evaluation of the performance of the Board, its Committees, individual Directors and the Chairperson of a company.

The Bank has institutionalised the Board Performance Evaluation Process. The NRC is the nodal agency for conducting the said performance evaluation. The NRC annually reviews and approves the criteria and the mechanism for carrying out the exercise effectively.

The methodology used for the annual Board Performance Evaluation, the outcome, progress made over last year and the proposed action for implementation during the financial year 2021-22, is provided in the Report on Corporate Governance, which forms part of this report.

Directors' Report

Meetings of the Board / Committees

The schedule in respect of the meetings of the Board / Committees, to be held during the next financial year and for the ensuing Annual General Meeting is circulated in advance to all the Members of the Board. During the year, 8 meetings of the Board were held and the gap between the said meetings did not exceed the limit of 120 days, as prescribed under the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder and the SEBI Listing Regulations relating to Corporate Governance.

Audit Committee of Board

The composition, role and functions of the Audit Committee of Board (ACB) of the Bank, is disclosed in the Report on Corporate Governance, which forms part of this report.

Remuneration Policy

The Bank has formulated and adopted the Remuneration Policy for Non-Executive Chairperson and Non-Executive Directors of the Bank and the Remuneration Policy for the Managing Director & CEO, Whole-time Directors, Material Risk Takers, Control Function Staff and other employees of the Bank (the Policies), in terms of the relevant provisions of Section 178 of the Companies Act, 2013, the relevant Rules made thereunder, the SEBI Listing Regulations relating to Corporate Governance and the Guidelines issued by the RBI, in this regard.

During the year, the said Policies were reviewed and approved by the NRC and the Board.

The details of the said Policies have been disclosed in the Report on Corporate Governance, which forms part of this report. The said Policies have been hosted on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/Compliance-Report>, in terms of the SEBI Listing Regulations.

Whistle Blower Policy and Vigil Mechanism

The details of the Whistle Blower Policy and Vigil Mechanism of the Bank, have been disclosed in the Report on Corporate Governance, which forms part of this report.

Subsidiaries, Joint Ventures and Associates

As on 31 March, 2021, the Bank has the following nine unlisted subsidiary companies and one step down subsidiary;

- i) Axis Asset Management Company Limited undertakes the activities of managing the mutual fund business.
- ii) Axis Mutual Fund Trustee Limited acts as the trustee for the mutual fund business.
- iii) Axis Capital Limited provides services relating to investment banking, equity capital markets, institutional stock broking, mergers and acquisition advisory etc.
- iv) Axis Finance Limited is an NBFC and carries on the activities of corporate and structural lending, loan against property etc.
- v) Axis Securities Limited is in the business of retail broking services.
- vi) A.TREDS Limited is engaged in the business of facilitating financing of trade receivables.
- vii) Axis Trustee Services Limited is engaged in trusteeship activities, acting as debenture trustee and as trustee to various securitisation trusts.
- viii) Freecharge Payment Technologies Private Limited is in the business of providing Merchant acquiring services, payment aggregation services, payment support services, and business correspondent to a Bank / Financial Institution, distribution of Mutual Funds.
- ix) Axis Bank UK Limited is the banking subsidiary of the Bank in the United Kingdom and undertakes the activities of banking.
- x) Axis Capital USA, LLC is a wholly owned subsidiary of Axis Capital Limited incorporated in USA and provides financial services relating to equity capital market, institutional stock broking to institutional investors in USA.

Merger of Freecharge Payment Technologies Private Limited (FCPTL) and Accelyst Solutions Private Limited (ASPL)

On 27 March, 2018, the Board of Directors of ASPL and FCPTL had approved a Scheme for Amalgamation of ASPL into and with FCPTL. ASPL and FCPTL filed the final petition for approval of the said merger before the National Company Law Tribunal ('NCLT'). The appointed date for amalgamation is 7 October, 2017 and the effect of the said merger was to be given on this date or any other date as may be prescribed by the NCLT. Subsequent to the final hearing in the matter conducted during the year, FCPTL received the copy of the order approved by NCLT, Delhi and the same was filed with the Ministry of Company Affairs, in November 2019.

However, in the case of ASPL, NCLT, Mumbai amended the appointed date of amalgamation from 7 October, 2017 to 1 April, 2018. Since the Scheme of Amalgamation filed by the FCPTL was already approved by NCLT, Delhi with the appointed date of 7 October, 2017, the order of NCLT, Mumbai sanctioning the Scheme of Amalgamation could not be implemented due to discrepancy in the appointed date, as aforesaid. Therefore, ASPL filed an application on 10 September, 2020 in NCLT, Mumbai to amend the appointed date from 1 April, 2018 to 7 October, 2017 as originally and mutually decided by FCPTL and ASPL and as mentioned in the said Scheme of Amalgamation. However, since NCLT Mumbai was disinclined to grant amendment, ASPL then filed an appeal before the National Company Law Appellant Tribunal (NCLAT) and withdrew application which was filed in NCLT, Mumbai.

NCLAT vide its order dated 24 March, 2021 has allowed ASPL's appeal thereby setting aside the order of NCLT, Mumbai. As such the said merger will be given effect from 7 October, 2017. The NCLT, Delhi had already approved the scheme of merger on 22 October, 2019. The said merger will be effective from the date of filing of certified copy of the Order of NCLAT with Registrar of Companies.

Accordingly, accounting impact of the said Scheme has been considered in the consolidated financial statements, as at 31 March, 2021.

Merger of Axis Finance Limited and Axis Private Equity Limited

Axis Private Equity Limited has been merged with Axis Finance Limited. The scheme of merger with Axis Finance Limited has been approved by NCLT, Mumbai and the certified copy of the order was received on 23 July, 2020 and approval of the Ministry of Corporate Affairs (MCA) was received on 2 September, 2020.

Sale of Axis Bank UK Limited

The Bank has entered into a Share Purchase Agreement on 31 March, 2021 for sale of 100% stake in its subsidiary, Axis Bank UK Limited to OpenPayd Holdings Limited, United Kingdom. This transaction is subject to approval of the UK Financial Regulator, the Prudential Regulation Authority (PRA).

Consolidated Financial Statements

In accordance with the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, as amended, the Bank has prepared its consolidated financial statements which forms part of this report. The financial position and performance of each of the Bank's subsidiary companies is given in the Management Discussion & Analysis Report and the statement containing the salient features of the financial statements of the said subsidiary companies of the Bank, which is annexed to this report.

In accordance with the third proviso to Section 136(1) of the Companies Act, 2013, the Annual Report of the Bank, containing therein its standalone financial statements and the consolidated financial statements and all other documents required to be attached thereto have also been hosted on the website of the Bank <https://www.axisbank.com/shareholders-corner/shareholders-information/annual-reports>.

Further, in accordance with the fourth proviso to the said section, the audited annual accounts of each of the said subsidiary companies of the Bank have been hosted on the website of the Bank <https://www.axisbank.com/shareholders-corner/shareholders-information/annual-reports>.

Any shareholder interested in obtaining a physical copy of the said financial statements may write to the Company Secretary at the Registered Office of the Bank. Further, please note that the said financial statements will also be available for inspection by the shareholders of the Bank and Trustees of Debenture holders at the Registered Office of the Bank during business hours from 11.00 a.m. to 1.00 p.m. on all working days except Saturdays, Sundays, Bank Holidays and National Holidays.

Related Party Transactions

During the year, the Bank has not entered into any materially significant transactions with its Promoters, Directors, Management, Subsidiaries or Relatives of the Directors / Management, which could lead to potential conflict of interest between the Bank and these parties, other than transactions entered into in the ordinary course of its business.

Transactions entered into by the Bank with related parties in the normal course of its business were placed before the ACB. There were no transactions entered with related parties, which were not in the normal course of the business of the Bank, nor were there any transactions with related parties or others, which were not on an arm's length basis. Accordingly, Form AOC-2 is not applicable to the Bank. A statement giving details of all related party transactions, entered pursuant to the omnibus approval so granted, is placed before the ACB for their review. The Bank has developed a Standard Operating Procedure for the purpose of identifying and monitoring such transactions.

Directors' Report

The Policy on Related Party Transactions has been reviewed by the Audit Committee and the Board and the same has been hosted on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/>, in terms of the SEBI Listing Regulations, relating to Corporate Governance.

Employee Stock Option Plan (ESOP)

Since the financial year 2000-01, the Bank has formulated and adopted Employee Stock Option Schemes (ESOS) for the benefit of the eligible Employees / Managing Director & CEO and Whole Time Directors of the Bank and that of its subsidiary companies ("eligible Employees / Directors"), in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended. The objective of the said ESOS is to enhance employee motivation, enable employees to participate, directly or indirectly, in the long-term growth and financial success of the Bank, to act as a retention mechanism by enabling employee participation in the business of the Bank as its active stakeholder and to usher an 'owner-manager' culture and to achieve greater synergy between the Bank and the subsidiary companies.

In terms of the ESOS, as on 31 March, 2021, up to 26,50,87,000 stock options are available for grant by the Bank to the eligible Employees / Directors of the Bank and that of its subsidiary companies. The eligibility and number of stock options to be granted to such eligible Employees / Directors is determined on the basis of the outcome of their performance evaluation and such other criteria as may be approved by the NRC / Board, from time to time.

During the period from February 2001 to January 2019, the Shareholders of the Bank had approved the grant of stock options, as aforesaid, on seven occasions. Under the first two ESOS of the Bank and in respect of the grant of stock options made by the Bank up to 29 April, 2004, the option conversion price was set at the average of the daily high-low price of the Bank's equity shares traded during the 52 weeks preceding the date of approval of grant by the Board / NRC, prevailing on the Stock Exchange which had the maximum trading volume of the Bank's equity share during the said period. Thereafter, under the third and subsequent ESOS of the Bank and in respect of the said grants made by the Bank on or after 10 June, 2005, the stock option conversion price was changed to the latest available closing price of the equity shares of the Bank, prevailing on the Stock Exchange which recorded higher trading volume, on the day prior to the date of approval of grant by the NRC.

Pursuant to the sub-division of the equity shares of the Bank, the Shareholders of the Bank at the 20th Annual General Meeting held on 27 June, 2014, also approved the consequential adjustments to the stock options granted to the eligible Employees / Directors, under the various ESOS of the Bank, such that all stock options available for grant (including lapsed and forfeited options available for reissue) and those already granted but not vested and those vested but not exercised, as on the record date fixed for the purpose of sub-division, were proportionately converted into options bearing equity shares of the face value of ₹ 2/- each of the Bank and the grant price of all the outstanding stock options (unvested, vested and unexercised) as on the said record date for the purpose of sub-division were proportionately adjusted by dividing the existing grant price by 5. The record date for the said sub-division was 30 July, 2014.

Since 24 February, 2001 up to 31 March, 2021, the NRC / Board had out of the said 26,50,87,000 stock options, approved the grant of 29,47,96,853 stock options (including 3,04,10,573 stock options which had lapsed and were forfeited) to the eligible Employees / Directors, in terms of the various ESOS of the Bank. The said stock options are non-transferable and vest at rates of 30%, 30% and 40% on each of three successive anniversaries following the date of respective grant, subject to standard vesting and other conditions as set out in the respective ESOS of the Bank. The said stock options are required to be exercised by the concerned eligible Employees / Directors, within a period of five years, from the date of its respective vesting, in terms of the respective ESOS of the Bank.

As of 31 March, 2021, out of the said 29,47,96,853 stock options so granted, 23,75,38,932 stock options have been vested, out of which 21,24,76,626 stock options have been exercised and the balance 2,50,62,306 stock options remain unexercised. Further, 2,68,47,348 stock options remained unvested and 3,04,10,573 stock options had been treated as lapsed and forfeited.

During the year, the Bank has granted stock options to the eligible employees / directors of the Bank and that of its subsidiary companies in terms of the ESOS duly reviewed and approved by the NRC, in terms of the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended.

Statutory disclosures as mandated under the provisions of Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, have been hosted on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/compliance-report>.

Corporate Governance

The Bank is committed to achieving and adhering to the highest standards of Corporate Governance and it constantly benchmarks itself with best practices, in this regard.

The Quarterly Report on Corporate Governance has been submitted by the Bank to the Stock Exchanges, in terms of Regulation 27(2) of the SEBI Listing Regulations. The said reports have been uploaded on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/quarterly-reports>.

The Report on Corporate Governance for the financial year 2020-21 along with the Certificate issued by the Statutory Auditors of the Bank, confirming compliance with the mandatory requirements relating to Corporate Governance as stipulated under Chapter IV of the SEBI Listing Regulations, forms part of this report.

The Corporate Governance framework of the Bank incorporates all the mandatory requirements as prescribed in the SEBI Listing Regulations. The Bank has also adopted the non-mandatory requirements as recommended in the SEBI Listing Regulations, as detailed in the Report on Corporate Governance, which forms part of this report.

Information under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank has complied with the provisions relating to the constitution of Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The information relating to complaints received and redressed during the financial year 2020-21 is disclosed in the Report on Corporate Governance, which forms part of this report.

Directors' Responsibility Statement

The Board of Directors of the Bank hereby declares and confirms the following statements, in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) That in the preparation of the annual accounts for the financial year ended 31 March, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) That such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at 31 March, 2021 and of the profit of the Bank for the year ended on that date.
- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- d) That the annual accounts have been prepared on a going concern basis.
- e) That internal financial controls to be followed by the Bank, were in place and that the same were adequate and were operating effectively.
- f) That proper system to ensure compliance with the provisions of all applicable laws was in place and the same were adequate and operating effectively.

Annual Return

The Annual Return will be uploaded on the website of the Bank, as mandated under Section 92 (3) read with Section 134 (3) of the Companies Act, 2013, and the same can be accessed at <https://www.axisbank.com/shareholders-corner/shareholders-information>.

Particulars of Employees

The information required pursuant to Section 197 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, in respect of Directors / Employees of the Bank, is provided as an annexure to this report.

As on 31 March, 2021, the Bank had sixty nine (69) employees who were employed throughout the year and were in receipt of remuneration of more than ₹ 1.02 crores per annum and seventeen (17) employees of the Bank who were employed for part of the year and were in receipt of remuneration of more than ₹ 8.50 lacs per month.

In terms of Section 136 of the Companies Act, 2013, the copy of the financial statements of the Bank, including the consolidated financial statements, the auditor's report and relevant annexures to the said financial statements and reports are being sent to the Members and other persons entitled thereto, excluding the information in respect of the said eighty six (86) employees of the Bank containing the particulars as specified in Rule 5 (2) of the said Rules, which is available for inspection by the Members at the Registered Office of the Bank during business hours of the Bank up to the date of the ensuing Annual General Meeting.

Directors' Report

Any Member interested in obtaining a copy thereof, may write to the Company Secretary of the Bank at its Registered Office or at shareholders@axisbank.com.

Conservation of Energy & Technology Absorption:

Conservation of Energy

- i) The steps taken by the Bank, are as follows:
 - (a) Solar Roof top / on Ground Installations across select Branches / Offices, aggregating ~ 7.05 MW. IOT (Internet of Things) based monitoring of power generated through solar plants across rooftop over 245 branch locations.
 - (b) Solar power purchase under Power Purchase Agreement (PPA) Model for Banks Business Continuity Centre (Data Centre), Bangalore ~ 3.50 lacs units p.m.
 - (c) Centralised Energy Management System (CEMS) augmented to 1,493 branches from earlier 893 branches to monitor and control energy consumption.
 - (d) Attain Green Building standard ratings by Indian Green Building Council (IGBC) for Green Energy at Axis House, Mumbai and Axis House, Noida by implementing the necessary measures for Energy and operational Efficiency.
 - (e) Procure 100% Green Power (RE) through Electricity Board (Maharashtra) for large offices, wherever feasible.
 - (f) Implement usage of Lithium based Battery Backup for all new UPS installations and existing replacements.
 - (g) Implement usage of Inverter Based Air conditioning machines for all Metro and Urban Branches and use of R32 gas for all Air conditioning installations.
 - (h) Replacement of conventional lighting to LED lights for all balance Branches within FY 22.
 - (i) On Grid Inverter Solution to reduce diesel consumption in rural branches augmented to 260 branches from earlier 100 branches. Estimated savings in Diesel consumption works out to ~2.22 lacs litres per annum.
 - (j) Maintenance of unity power factor through APFC panels in auto mode for optimum use of power at Axis House, Mumbai and Noida.
 - (k) Installation of Motion sensors for workstations and common area lighting at Axis House, Mumbai, Regional Office Bengaluru. Introduce Motion sensor-based lighting in upcoming Branches and Offices.
 - (l) Conversion of Food / Wet waste at Axis House, Mumbai, into manure through compost machine for use in landscaping / gardening.
 - (m) Electrical Vehicle Charging facility at Large buildings Axis House Mumbai & Noida, MIDC Andheri.
 - (n) Re-cycling of Dry waste at Axis House, Mumbai, into stationery items like notepads.
 - (o) Daily re-cycling of 150 KL of water through Sewage Treatment Plant at Axis House, Mumbai.
 - (p) Reduction of water consumption at Axis House, Mumbai through use of aerators.
 - (q) Rain Water Harvesting of ~2000 KL of water yearly at Axis House, Mumbai.
 - (r) Savings of water consumption by use of Sensors / Bio-blocks in urinals at Select Large Offices.
 - (s) Installation of sensors in washbasins to optimise flow of water at Select Large Offices.
- ii) Capital Investments on Energy Conservation Initiatives:
 - (a) ₹ 44 crores on Solar Plant installations
 - (b) Capital Investment incurred of ~ ₹ 79 Lacs towards implementation of On Grid Inverter across rural Branches.
 - (c) LED light replacement project has been undertaken under amortization model over period of 5 years. ~₹ 1.75 crores p.a. for 5 years
 - (d) CEMS project is on saving and sharing Model basis.
 - (e) Capital investment incurred of ~ ₹ 71.63 Lacs towards implementation of Internet of Thing (IoT) based remote solar monitoring across 245 Branches.
 - (f) Expected additional investments ~ ₹ 5 crore for Inverter based AC and UPS with Lithium Battery for upcoming new Branches / Offices.

Technology Absorption

i) The efforts made towards technology absorption:

With the objective of making banking simple and hassle-free for customers, the Bank has undertaken various technology driven business initiatives to deliver value through continuous technology adoption and innovation. During the year, a large scale IT transformation was undertaken to strengthen Bank's technology capabilities further.

- (a) Following the COVID-19 pandemic, the Bank has prioritized initiatives across its digital channels to cope with the change in customer engagement. The Bank has already delivered products such as ASAP a/c opening, full Video KYC capability for account opening, PPF account openings, Mutual fund KYC, digital collections on its digital platforms to improve customer experience.
- (b) The Bank actively encouraged large scale Work-From-Home mandate and provided all enablement necessary to support its employees to efficiently perform their duties. The Bank triggered enterprise mobility and collaborative tools like MS Teams and Intune, ramped up VPN / VDI capacity, quick provisioning and allocation of laptops across all critical employees. In order to provide employees the convenience of using their personal devices for sales and servicing activities, the Bank rolled out BYOD compatible applications across products and businesses.
- (c) The Bank has embarked on a transformation journey that cuts across all aspects of IT function and focuses on areas like Engineering excellence - Agility and DevOps, Channel architecture - Omni-channel experience , Application & data architecture - application upgrade & advanced analytics capabilities, advancement of enterprise integration, and standardized & virtualized infrastructure.
- (d) While pushing to deliver new customer facing products, the Bank has also strengthened its infrastructure to maintain high performance and availability standards expected by customers and regulators. The Bank is re-architecting its technology infrastructure to be Cloud native, allowing the necessary agility, speed and flexibility for scale. The Bank has a multi-cloud set up that is supported by a strong governance to identify applications that benefit from going to cloud, right sizing exercises, and implementation of right cost controls while continuing to focus on security.
- (e) The Bank continues to re-invent and re-invest in technologies including mobility, cognitive intelligence, application programming interface (API) banking, Robotic Process Automation and Artificial Intelligence / Machine Learning to develop winning propositions for its customers. In order to drive seamless integration with partners, Bank's Open API platform has been further enhanced to onboard partners thereby generating more business and driving volumes. The Bank has scaled the adoption of robotics process automation and Artificial Intelligence / Machine Learning augmenting operational efficiency, higher accuracy and reduction in processing time while serving customers.
- (f) The Bank has also undertaken a transformation journey to make the IT team future-ready. The transformation program will build the foundation for becoming best-in-class across key areas. The transformation program focuses on achieving 4 key outcomes - a) deliver tech products faster b) enable critical capabilities c) improve resilience d) optimize expenditure across engineering excellence, channel architecture, integration, automation, infrastructure etc. The Bank has seen significant progress across the targeted outcomes as it continues to build on the initial success.
- (g) The Bank continues to pursue a holistic cyber security program with a comprehensive Cyber Security Policy and Standards based on industry best practices in compliance with regulatory guidelines. The Bank has deployed its cyber security structure and framework based on National Institute of Standards and Technology (NIST) Standard. The Bank's cyber security framework is built and operated around five fundamental areas including Identify, Protect, Detect, Respond and Recover. The Bank is compliant to ISO27001 and PCIDSS standards. The Bank has a 24x7 Security Operations Centre and Cyber Security Operations System.
- (h) The Bank has deployed Cyber Security controls to protect its information assets from unauthorized access, hacking attempts, data loss and has implemented various detection and monitoring technologies, to proactively detect and respond to any cyber threats. Some of the controls are as follows:
 - a) Multifactor authentication has been enabled for users connecting through Remote access.
 - b) Secure and isolated environment for Remote access to critical systems were configured, to prevent sensitive data leak or unauthorized access.
 - c) Advanced End-Point controls and Data Leakage Prevention (DLP) control to detect and prevent endpoints being target of cyber-attacks.
 - d) Spam and Phishing emails protection have been enabled to protect against email-based cyber-attacks that were rampant during the pandemic.

Directors' Report

- e) 24x7 security monitoring along with usage of Cyber Security Threat Intelligence to detect malicious underground activities against the Bank.
 - f) In addition the above controls; the Bank has also enabled enhanced monitoring for Remote users to detect and prevent; any Unauthorized and unusual remote access, User access to Bank systems from unusual geographies, Concurrent user access from different locations, etc. and Data Leakage monitoring for Web channel, Email channel and End Points.
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution:
- In addition to focusing on developing new age technology products, the Bank continues to strengthen its core systems and applications with planned upgrades. The infrastructure is also being upgraded to deliver improved resiliency. The Bank is also exploring open source products and platforms to provide reliability and flexibility without adding a significant cost of licensing and support. With initiatives such as Intelligent Automation, the Bank has created Bot store and AI model store which have led to FTE cost savings, TAT & error reduction.
- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):
- (a) **The details of technology imported**
 1. No hardware procurements have been made in foreign currency.
 2. Software licenses and upgrades have been procured over the past 3 financial years, detailed as under.

(b) **The year of import:**

The details for the Financial Years 2018-19, 2019-20 and 2020-21, are provided below:

PO Issue Year	Currency	Paid Amount
18-19	USD	18,00,702.00
19-20	USD	17,00,382.96
20-21	USD	7,86,852.00
Total		42,87,936.96

(c) **Whether the technology been fully absorbed:**

All licenses procured have been put to use.

(d) **If not fully absorbed, areas where absorption has not taken place, and the reasons thereof:**

NA.

The expenditure incurred on Research and Development: Nil

Foreign Exchange Earning and Outgo

The provisions relating to Section 134(3)(m) of the Companies Act, 2013 on particulars relating to Foreign Exchange Earning and Outgo are not applicable to a Banking Company, as such no disclosure is being made in this regard.

Management's Discussion and Analysis Report

The Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2) (e) of the SEBI Listing Regulations, is provided as an annexure to this report.

Risk Management

Pursuant to Regulation 21 of the SEBI Listing Regulations, the Bank has constituted a Risk Management Committee. The details of the said Committee and its terms of reference are set out in the Report on Corporate Governance, which forms part of this report.

The Bank has formulated and adopted a robust Risk Management Framework. Whilst the Board is responsible for framing, implementing and monitoring the Risk Management Framework, it has delegated its powers relating to monitoring and reviewing of risks associated with the business of the Bank to the said Committee. The details of the Risk Management Framework and issues related thereto have been explained in the Management's Discussion and Analysis Report, which is provided as an annexure to this report.

Business Responsibility Report

In terms of Regulation 34(2)(f) of the SEBI Listing Regulations, top 1000 listed entities based on their market capitalisation as on 31 March every year, are required to submit their Business Responsibility Report (BRR) as a part of their Annual Report. The Bank's BRR describing the initiatives taken by the Bank from an Environmental, Social and Governance perspective has been hosted on the website of the Bank at <https://www.axisbank.com/shareholders-corner/shareholders-information/business-responsibility-report>. Any Member interested in obtaining a copy of the BRR may write to the Company Secretary of the Bank at shareholders@axisbank.com or submit a written request to the Registered Office of the Bank.

Particulars of Loans, Guarantees and Investments

Pursuant to Section 186(11) of the Companies Act, 2013, the provisions of Section 186 of the Companies Act, 2013, except sub-section (1), do not apply to a loan made, guarantee given or security provided by a banking company in the ordinary course of its business.

The particulars of investments made by the Bank are disclosed in Schedule 8 of the Financial Statements as per the applicable provisions of the Banking Regulation Act, 1949.

Corporate Social Responsibility

The Bank has constituted the Corporate Social Responsibility (CSR) Committee of the Board, in compliance with the relevant provisions of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, which was notified by the Ministry of Corporate Affairs (MCA) on 22 January, 2021 (revised CSR norms).

The Board at its meeting held on 28 April, 2021 reviewed and approved the CSR Policy of the Bank formulated and adopted in terms of the revised CSR norms, as recommended by the CSR Committee.

The CSR Policy contains the approach and guidance given by the Board taking into account the recommendations of the CSR Committee, including principles for selection, implementation and monitoring of the CSR Project(s) / Program(s) and formulation of the Annual Action Plan. The CSR Policy has been hosted on the website of the Bank at <https://www.axisbank.com/csr>

The brief outline of the CSR Policy, overview of the CSR Project(s) / Program(s) undertaken by the Bank, composition of the CSR Committee, details of Impact assessment conducted, details of the amount available for set off, average net profits of the Bank for the past three financial years, prescribed CSR obligation and expenditure, details of the amounts spent or unspent by the Bank on CSR activities during the year under review, details of creation or acquisition of capital asset, etc., in line with the revised CSR norms have been provided as an annexure to this report.

Plan and Status of IND AS Implementation

The RBI had issued a circular in February 2016 requiring banks to implement Indian Accounting Standards (Ind AS) and prepare standalone and consolidated Ind AS financial statements with effect from 1 April, 2018. Banks were also required to report the comparative financial statements for the financial year 2017-18, to be published along with the financial statement for the year beginning 1 April, 2018. However, the RBI in its press release issued on 5 April, 2018 deferred the applicability of Ind AS by one year (i.e. 1 April, 2019) for Scheduled Commercial Banks. Further, RBI in a circular issued on 22 March, 2019 has deferred the implementation of Ind AS till further notice.

In line with the RBI guidelines on Ind AS implementation, the Bank has formed a Steering Committee comprising members from the concerned functional areas, headed by the Executive Director (Wholesale Banking). A quarterly progress report on the status of Ind AS implementation in the Bank is presented to the Audit Committee. During the financial year 2016-17, the Bank had undertaken a preliminary diagnostic analysis of the GAAP differences between Indian GAAP vis-a-vis Ind AS.

The Bank has also identified and evaluated data gaps, processes and system changes required to implement Ind AS. The Bank is in the advanced stage of implementing necessary changes in its IT system and other processes. The Bank has been holding workshops and training for its staff, which will continue in the current year. The Bank is submitting Proforma Ind AS financial statements to RBI on a quarterly basis. The Bank is also examining impact of Ind AS on business planning, budgeting, taxation, capital planning and on capital adequacy.

Statutory Auditors

At the 24th Annual General Meeting of the Shareholders of the Bank held on 20 June, 2018, M/s Haribhakti & Co. LLP, Chartered Accountants, Mumbai (Membership Number 103523W / W100048), were appointed as the Statutory Auditors of the Bank to hold office as such from the conclusion of the 24th Annual General Meeting until the conclusion of the 28th Annual General Meeting, subject to the approval of the Reserve Bank of India and on such remuneration, as may be approved by the Audit Committee.

Directors' Report

On 27 April, 2021, the RBI issued a Circular on appointment of Statutory Auditors, in terms of Section 30 (1A) of the Banking Regulation Act, 1949, which is effective from the financial year 2021-22. In terms of the said Circular, the statutory audit of Banks with asset size of ₹15,000 crore and above as at the end of 31 March, 2021, shall be conducted under joint audit by a minimum of two audit firms. Further, in order to protect the independence of the Statutory Auditor, banks can appoint auditors for a continuous period of three years, subject to the firms satisfying the eligibility norms every year.

The Board of Directors have taken note of the aforesaid circular and advised the management to assess the implications on the Bank. The Board will review and approve this item, and ensure compliance with the substantive / procedural requirements of this directive and / or clarifications general or specific if any, issued by RBI in this matter at a subsequent board meeting and also finalise the contents of the AGM notice in relation to this item at its subsequent meeting.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the relevant provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank had appointed M/s BNP & Associates, Company Secretaries, Mumbai, to act as the Secretarial Auditor of the Bank, for the financial year 2020-21.

The secretarial audit of the Bank was conducted in respect of the matters as prescribed in the said Rules and set out in the Secretarial Audit Report, for the financial year 2020-21, which is provided as an annexure to this report.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor of the Bank, in its report. However, the Secretarial Auditor has made an observation with respect to payment of an amount of ₹ 41.43 lacs to the Securities and Exchange Board of India (SEBI) to settle the matter in respect of an alleged default under Regulation 7(2)(b) of the SEBI (Prohibition of Insider Trading), Regulations, 2015.

The Bank on 4 January, 2021, had received a Summary Settlement Notice dated 28 December, 2020 from SEBI in relation to the alleged default under Regulation 7(2)(b) of the SEBI (Prohibition of Insider Trading), Regulations, 2015. The Bank has without admitting or denying the findings of facts and conclusions of law submitted a settlement application on 29 January, 2021 to SEBI, in accordance with the provisions of the SEBI (Settlement Proceedings) Regulations, 2018 and paid the settlement amount of ₹ 41.43 lacs.

Pursuant to which, SEBI passed a Settlement Order on 15 February, 2021 (the Settlement Order) and the proposed proceedings to be initiated for the alleged default has been disposed off and the matter stands settled.

In terms of SEBI circular no CIR/CFD/CMD1/27/2019 dated 8 February, 2019, relating to Annual Secretarial Compliance Report, the Bank had appointed M/s. BNP & Associates, Company Secretaries, to conduct the Secretarial Compliance for the financial year 2020-21. The Bank will submit the Annual Secretarial Compliance Report to the Stock Exchanges within the prescribed time limit.

Maintenance of Cost Records

Being a banking company, the Bank is not required to maintain cost records under the provisions of Section 148(1) of the Companies Act, 2013.

Reporting of Frauds by Auditors

During the financial year 2020-21, pursuant to Section 143(12) of the Companies Act, 2013, neither the Statutory Auditors nor the Secretarial Auditor of the Bank have reported any instances of frauds committed in the Bank by its officers or its employees.

Significant and Material Order Passed by Regulators or Courts or Tribunals Impacting the Going Concern Status and Operations of the Bank

During the financial year 2020-21 no significant and / or material order was passed by any Regulator, Court or Tribunal against the Bank, which could impact its going concern status or its future operations.

Adequacy of Internal Financial Controls related to Financial Statements

The Board has *inter alia* reviewed the adequacy and effectiveness of the Bank's internal financial controls relating to its financial statements.

The Board has discussed with the Management of the Bank the major financial risk exposures and the steps taken by it to monitor and control such exposures, overseen and reviewed the functioning of the Whistle Blower Mechanism (which is a part of the Bank's Fraud Risk Management Policy) and the findings in respect of the investigations conducted on frauds, which were material in nature and the actions taken by the Management, in this regard.

CEO & CFO Certification

Certificate issued by Shri Amitabh Chaudhry, Managing Director & CEO and Shri Puneet Sharma, President & CFO of the Bank, for the financial year ended 31 March, 2021, was placed before the Board at its meeting held on 27 April, 2021, in terms of Regulation 17(8) of the SEBI Listing Regulations.

Material Changes and Commitments affecting the Financial Position of the Bank

There are no material changes and commitments which affected the financial position of the Bank, which occurred between the end of the financial year of the Bank to which the financial statements relate and up to the date of this report.

Measures taken to counter Covid-19 Pandemic

The Board acknowledges the role of the front-line staff who despite the challenges faced due to the outbreak of COVID – 19 Pandemic, ensured continuity in the operations of the Bank.

The Bank on its part undertook series of pro-active steps right from the inception of the COVID – 19 Pandemic crisis. The framework of proactive action has been focused on reducing the heightened risks arising out of the COVID – 19 Pandemic across all facets of risks impacting the business – safety of staff and business continuity from operational risk, likely impact on asset quality from credit risk, trading risk due to sharp change in underlying risk factors in the investment book, liquidity pressure owing to change in the perception of borrower on cash flows as well as deposit withdrawals, owing to disruptions under civic lockdown etc.

The actions have been taken on the following five fronts:

- (a) Protecting people – issuing and implementing advisories around staff health, hygiene and safe working environment in offices and branches, quarantine & social distancing etc. This has been further enhanced by a flexible and responsive stance which is aligned with the evolving situation on the ground, especially in the context of the second wave, local authority requirements etc. During the second wave, under the directions of Central Emergency Response Team (CERT), a war room was set up to ensure help is provided for hospitalisation, medicine and other support including oxygen concentrators and a comprehensive resource guide “With You” was made available. Further, to protect our employees, CERT deployed a vaccination program in partnership for all our staff members.
- (b) Ensuring continuity – testing and deploying business continuity plans, including driving and scaling up work-from-home initiative. Business operations and availability of channels such as branches, contact centres and ATM have been monitored closely. Introduction of Covid framework to facilitate smooth customer transactions even during lockdown by keeping the risks at acceptable levels.
- (c) Protecting operations – putting in place additional controls and monitoring around key operational risk parameters that could see an increase in a lockdown and work-from-home environment. This includes parameters around cyber security which are being tracked closely.
- (d) Maintaining liquidity – enhanced monitoring of liquidity position including deposit mix, deposit withdrawals etc.
- (e) Conserving capital – credit advisories around originating and disbursal of new exposures with enhanced monitoring of existing vulnerable credit exposure. The Bank has also put in place policies to implement the various regulatory dispensations and interventions that have been put in place during the course of the COVID – 19 Pandemic by the government and by the RBI.

The governance around the above has been put in place under the aegis of a CERT headed by the Executive Director (Corporate Centre) of the Bank, reporting directly to the Management Committee of the Bank.

The CERT meets regularly to review the situation under each of the said fronts, to assess the risk profile which required specific interventions and to take appropriate mitigation measures in response to the situation at the ground level.

CSR Initiatives towards COVID – 19 Pandemic

The onset of the calendar year 2020 ushered with it a global pandemic that rapidly spread across the globe impacting lives, livelihoods and most significantly putting the medical infrastructure under tremendous stress.

During these trying times, the Bank, as a responsible corporate citizen, proactively undertook various steps to mitigate the hardships of the community affected by the pandemic. This included collaborating with various Government and Local Bodies like the Municipal Corporations, District Authorities, Police Departments and medical centres - the frontline warriors, to provide vital medical accoutrements like PPE kits, masks, sanitizers, ventilators, intubation boxes, thermal guns and other essential apparatus with the mission to tackle the grim situation. The Bank, during the year covered more than 15 states across the country through this participative approach of endowing relief materials. The Bank adopted a multi-pronged approach to provide succour to its customers, employees, business partners and the community at large that integrated both curative and preventive measures.

Directors' Report

The efforts of the Bank were ably buttressed by Axis Bank Foundation (ABF) which leveraged its network of NGO partners to reach out to the affected communities through a slew of measures ranging from providing basic food, hygiene supplies and ration kits, to creating awareness about the pandemic. The ration kits comprising of food, medical and hygiene supplies were provided to economically weaker households and vulnerable communities including migrant workers. ABF also initiated local production of masks to ensure a steady supply to communities at an affordable price.

The joint efforts of the Bank and ABF underscored what the Axis Group truly stands for – being “Dil Se Open”.

Annexures

The following documents are annexed to the Directors' Report:

- (i) Management's Discussion and Analysis Report of the Bank, for the financial year ended 31 March, 2021.
- (ii) Independent Auditor's Certificate on Compliance with the Corporate Governance Requirements, under the SEBI Listing Regulations.
- (iii) Report on Corporate Governance of the Bank, for the financial year ended 31 March, 2021.
- (iv) Disclosure on remuneration pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- (v) Annual Report on CSR activities undertaken by the Bank during the financial year ended 31 March, 2021, in terms of the Notification dated 22 January, 2021, issued by the MCA.
- (vi) Secretarial Audit Report of the Bank, for the financial year ended 31 March, 2021.
- (vii) Certificate relating to non-disqualification of Directors from being appointed or continuing as Directors, under Regulation 34(3) of the SEBI Listing Regulations.

Acknowledgements and Appreciations

The Board places on record its gratitude to the RBI, MCA, SEBI, other Statutory and Regulatory Authorities, Financial Institutions, Stock Exchanges, Registrar and Share Transfer Agent, Debenture Trustees, Depositories and Correspondent Banks for their continued support and guidance.

The Board also places on record its appreciation to its valued customers for their continued patronage and to the Shareholders of the Bank for their continued support.

The Board also expresses its heartfelt thanks and gratitude to each employee and their families for their continued commitment towards the Bank and its customers, who by demonstrating strong work ethics, professionalism, teamwork and initiatives helped the Bank continue to serve its depositors and customers and reinforce its customer centric image despite the challenging environment.

The Board also expresses its solidarity and gratitude towards medical professionals, bankers, police, armed forces, and other frontline covid warriors who have cemented their position as the foremost champions of humanity. We salute their courage, valour and selflessness in serving the society.

For and on behalf of the Board of Directors

Place: Pune
28 April, 2021

Rakesh Makhija
Chairman

Management's Discussion and Analysis

Macro-Economic Environment

The fiscal 2021 began on a note of extraordinary uncertainty, given the rapid spread of COVID-19 and the extremely stringent restrictions placed on personal mobility worldwide. Coordinated measures by the government and central banks stimulus, did help to limit the impact of financial uncertainty on businesses and individuals, but still resulted in steep contraction in activity levels the world over. The stimulus was successful in containing the second order effects like insolvencies, and provided support to financial asset prices, limiting the harm to the overall economy. However, towards the second half of the fiscal, most countries experienced second and third waves of the pandemic, which saw active fiscal policy take over from emergency monetary policy. The US election added uncertainty to this, but the sustained recovery in economic growth towards the end of fiscal led to global interest rates moving up by the end of the fiscal.

The domestic economy was already weakening before the onset of COVID-19. Post the imposition of the most stringent lockdown among G20 peers, the RBI took proactive measures to limit transmission of stress to financial stability. This was through easing of rates, heavy provision of term liquidity, moratorium on interest and principal repayments, and targeted facilities to provide support. The Government also announced its Atmanirbhar package, which created credit guarantee funds, set up mechanisms to support lower rated enterprises and provided support to migrant workers, among other initiatives. A gradual unlock after May further allowed the recovery to gather pace, with many indicators surpassing pre-COVID levels by the end of March 2021, though services sector continued to lag. The fourth quarter of fiscal 2021 saw second COVID-19 wave intensifying in India and led to localised mobility restrictions.

Prospects for fiscal 2022

Global growth is likely to enter a coordinated recovery in the current financial year, partly on the low base of fiscal 2021, and partly on combination of vaccination and extraordinary stimulus in force globally. This outlook has replaced the fear of COVID-19 with that of earlier than expected interest rate hikes, though central banks have clarified that actual tightening is a long way off, with some also talking of further stimulus. Still, a tightening bias has begun to be seen, with China targeting relatively slow GDP and credit growth, and other emerging markets beginning rate hikes to deal with potential spill over effects of higher global interest rates down the road. Apart from the interplay between fiscal stimulus, rising interest rates and the recovery, the global economy will also be shaped by geopolitical developments.

The sharp spread of the second wave of COVID-19 through India has brought on a marked tightening of mobility restrictions, which should slow down transmission of the virus. The global experience has indicated that second waves are larger than first waves and perhaps less impactful for the economy. Thus, while high frequency indicators have begun to tail off in a limited way, growth will likely be supported. Given the low base, growth is likely to push fiscal 2022 GDP up to fiscal 2020 levels, effectively reversing the contraction seen in fiscal 2021. This will likely continue to support consumption related credit and prevent similar levels of asset quality deterioration as witnessed in fiscal 2021. The government's budget focus on crowding in private sector capex is also likely to be positive for banks in the longer run.

Bank credit growth is likely to be around 8% in the year ahead, with deposit growth also likely to be around the same level.

Overview of Financial Performance

Operating performance

Particulars	₹ in crores		
	2020-21	2019-20	% change
Net interest income	29,239	25,206	16%
Non-interest income	14,838	15,537	(4%)
Operating revenue	44,077	40,743	8%
Operating expenses	18,375	17,305	6%
Operating profit	25,702	23,438	10%
Provisions and contingencies	16,896	18,534	(9%)
Profit before tax	8,806	4,904	80%
Provision for tax	2,218	3,277	(32%)
Net profit	6,588	1,627	305%

Management's Discussion and Analysis

Operating revenue increased by 8% YoY from ₹40,743 crores in fiscal 2020 to ₹44,077 crores in fiscal 2021. Net interest income (NII) rose 16% from ₹25,206 crores in fiscal 2020 to ₹29,239 crores in fiscal 2021. Non-interest income consisting of fee, trading and other income decreased by 4% from ₹15,537 crores in fiscal 2020 to ₹14,838 crores in fiscal 2021.

Operating expenses rose 6% from ₹17,305 crores in fiscal 2020 to ₹18,375 crores in fiscal 2021 as the Bank continued to invest in branch infrastructure, technology and human capital to support its business growth. In addition, the Bank has prudently provided an amount of ₹208 crores towards the liability for the Social Security Code 2020, the implementation date of which is yet to be notified. Healthy growth in operating revenue along with comparatively lower growth in operating expenses aided partially by the lack of business activity in Q1 of this fiscal compared to previous year led to a growth in the Bank's operating profit by 10% to ₹25,702 crores from ₹23,438 crores reported last year. Provisions and contingencies decreased by 9% from ₹18,534 crores in fiscal 2020 to ₹16,896 crores in fiscal 2021, after factoring for prudent provision choices.

Net profit for the year ended 31 March, 2021 increased 305% and stood at ₹6,588 crores, as compared to the net profit of ₹1,627 crores last year.

Net interest income

(₹ in crores)			
Particulars	2020-21	2019-20	% change
Interest on loans	47,919	48,303	(1%)
Interest on investments	12,558	11,246	12%
Other interest income	3,168	3,086	3%
Interest income	63,645	62,635	2%
Interest on deposits	26,843	29,369	(9%)
Other interest expense	7,563	8,060	(6%)
Interest expense	34,406	37,429	(8%)
Net interest income	29,239	25,206	16%
Average interest earning assets ¹	827,920	718,147	15%
Average Current Account and Savings Account (CASA) ¹	257,082	223,349	15%
Net interest margin	3.53%	3.51%	
Yield on assets	7.69%	8.72%	
Yield on advances	8.62%	9.64%	
Yield on investments	6.51%	7.15%	
Cost of funds	4.48%	5.48%	
Cost of deposits	4.27%	5.23%	

1. computed on daily average basis

NII constituted 66% of the operating revenue and increased by 16% from ₹25,206 crores in fiscal 2020 to ₹29,239 crores in fiscal 2021. The increase is primarily due to an increase in average interest earning assets on a daily average basis by 15%.

During this period, the yield on interest earning assets decreased from 8.72% last year to 7.69%. The yield on advances decreased by 102 bps from 9.64% in fiscal 2020 to 8.62% in fiscal 2021. The yield on investments also decreased by 64 bps during the fiscal 2021. The overall yield on assets also declined to 7.69% from 8.72% mainly attributable to decrease in repo rate from 6.00% in fiscal 2020 to 4.00% in fiscal 2021 which led to decrease in funding cost of the industry and consequently decline in lending rates. 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 and penal interest to eligible borrowers emanating from the Supreme Court judgement. Other interest income includes one-time interest on income tax refund aggregating to ₹160 crores received during the year.

Cost of funds decreased by 100 bps from 5.48% in fiscal 2020 to 4.48% in fiscal 2021. During the year, the Bank continued its focus on both CASA plus Retail Term Deposits (RTD) as part of its overall deposit growth strategy. As a result, the cost of deposits decreased to 4.27% from 5.23% last year. CASA and RTD deposits together, on a daily average basis, reported a healthy increase of 18% to ₹529,300 crores from ₹449,033 crores last year. Further, during the year the Bank raised additional capital of ₹10,000 crores through issuance of equity share capital which also led to decrease in the funding cost for the Bank.

Non-interest income

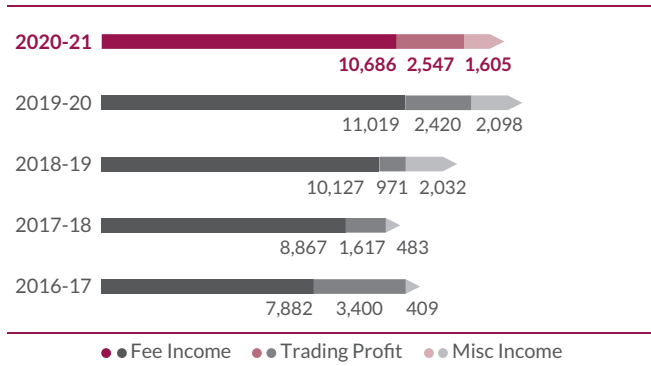
(₹ in crores)

Particulars	2020-21	2019-20	% change
Fee income	10,686	11,019	(3%)
Trading profit	2,547	2,420	5%
Miscellaneous income	1,605	2,098	(23%)
Non-interest income	14,838	15,537	(4%)

Non-interest income comprising fees, trading profit and miscellaneous income decreased by 4% to ₹14,838 crores in fiscal 2021 from ₹15,537 crores last year and constituted 34% of the operating revenue of the Bank.

Non-Interest Income

(₹ in crores)



Total fee income from the Bank's retail operations accounted for 15% of total operating revenue of the Bank for fiscal 2021 as compared to 17% in fiscal 2020, and 62% and 64% of the Bank's total fee income for fiscals 2021 and 2020 respectively. The Bank's granular fee across third party distribution, grew 30% on a YOY basis. Retail card fees and Retail non-card fees and constituted 21% and 41% respectively of the total fee income in fiscal 2021.

On the wholesale banking side, fee income from Transaction Banking and Forex accounted for 5% of operating revenue of the Bank for fiscal 2021 and fiscal 2020 and 21% of the Bank's total fee income for fiscal 2021 as compared to 18% of the fee income for fiscal 2020. Credit linked fees accounted for 16% of fee income for fiscal 2021 as compared to 15% of fee income for

fiscal 2020.

Growth in reported fee income was impacted on account of fee reversal due to higher slippages in cards business, slow-down in certain revenue streams due to impact of COVID and certain regulatory waivers during the year. Fee income decreased by 3% to ₹10,686 crores from ₹11,019 crores last year and continued to remain a significant part of the Bank's non-interest income. It constituted 72% of non-interest income and contributed 24% to the operating revenue.

During the year, proprietary trading profits increased by 5% to ₹2,547 crores from ₹2,420 crores last year mainly on account of higher profits on the SLR portfolio in fiscal 2021.

The Bank's miscellaneous income in fiscal 2021 stood at ₹1,605 crores compared to ₹2,098 crores in fiscal 2020, comprising mainly recoveries from written off accounts amounting to ₹1,246 crores and sale of Priority Sector Lending Certificates (PSLC) amounting to ₹218 crores in fiscal 2021. The Bank also booked dividend from subsidiaries amounting to ₹58 crores under miscellaneous income.

Operating revenue

The operating revenue of the Bank increased by 8% to ₹44,077 crores from ₹40,743 crores last year. The core income streams (NII and fees) constituted 91% of the operating revenue, reflecting the stability of the Bank's earnings.

Operating expenses

(₹ in crores)

Particulars	2020-21	2019-20	% change
Staff cost	6,164	5,321	16%
Depreciation	948	773	23%
Other operating expenses	11,263	11,211	0.5%
Operating expenses	18,375	17,305	6%
Cost : Income Ratio	41.69%	42.47%	
Cost : Asset Ratio	1.96%	2.09%	

Management's Discussion and Analysis

The operating expenses growth for the Bank moderated during the year to 6% as compared to 9% last year as the Bank continued to focus on controlling expenses and lower sourcing expenses due to lower business volumes on account of COVID-19 impact. However, the Bank continues to invest in expanding branch network and other infrastructure required for supporting the existing and new businesses, as a result of which the operating expenses in absolute terms increased to ₹18,375 crores from ₹17,305 crores last year. The Operating Expenses to Assets ratio declined to 1.96% compared to 2.09% last year.

Staff cost increased by 16% from ₹5,321 crores in fiscal 2020 to ₹6,164 crores in fiscal 2021, primarily on account of annualization of fiscal 20 hiring and 6% increase in employee strength from 74,140 as at end of fiscal 2020 to 78,307 as at the end of fiscal 2021. The Bank has also, as a prudent measure, accrued on an estimated basis an amount of ₹208 crores towards the liability that may arise on the notification of the rules pursuant to the Social Security Code 2020, which also contributed to increase in staff cost expenses for the year.

Other operating expenses increased marginally from ₹11,211 crores in fiscal 2020 to ₹11,263 crores in fiscal 2021. The increase is primarily due to investments in branch infrastructure and technology to support business growth. The Bank added 66 branches during fiscal 2021.

Operating profit

During the year, the operating profit of the Bank increased by 10% to ₹25,702 crores from ₹23,438 crores last year on account of healthy growth in operating revenues along with comparatively lower growth in operating expenses.

Provisions and contingencies

(₹ in crores)			
Particulars	2020-21	2019-20	% change
Provision for non-performing assets	12,205	12,756	(4%)
Provision for restructured assets/SDR/S4A	(14)	(16)	-
Provision for depreciation in value of investments	1,329	136	877%
Provision for country risk	(12)	12	-
Provision for standard assets including unhedged foreign currency exposure	2,674	1,441	86%
---of which			
Provision for loans under moratorium	2,012	1,118	80%
Provision for other contingencies	714	4,205	(83%)
---of which			
Provision for Non-Banking Assets	-	1,526	-
Provision for NFB outstanding	(12)	411	-
Additional provision for COVID-19	-	1,882	-
Provision for COVID-19 and MSME Restructuring	499	-	-
Provisions and contingencies	16,896	18,534	(9%)

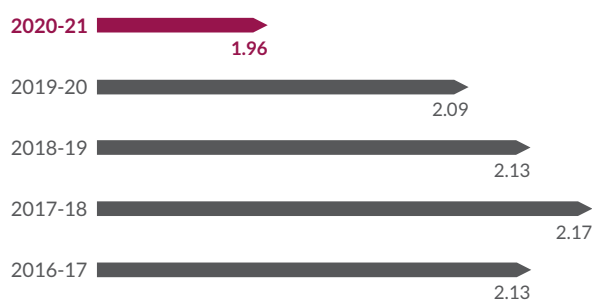
During fiscal 2021, the Bank created total provisions (excluding provisions for tax) of ₹16,896 crores compared to ₹18,534 crores last year. Key items of the same are explained below -

Provisions for NPAs:

The Bank provided ₹12,205 crores towards non-performing assets compared to ₹12,756 crores last year. The decrease in provision for non-performing assets is primarily on account of lower slippages at ₹17,247 crores in fiscal 2021 as compared to ₹19,915 crores in fiscal 2020.

During the year, the Bank has also changed its provisioning norms in respect of loans granted to Commercial Banking Segment (erstwhile SME) which are non-discretionary and rule based, to rates which are higher than those prescribed by RBI and followed hitherto. This has resulted in an additional provision of ₹803 crores during the fiscal 2021.

Operating Expenses to Assets %



Provision for depreciation in value of investments:

Provision for depreciation in value of investments for fiscal 2021 amounted to ₹1,329 crores as compared to ₹136 crores in fiscal 2020. The increase is primarily on account provisioning on Security Receipts. The Bank holds a provision of ₹1,681 crores which constitutes 100% of the outstanding Security Receipts book. The Bank has also made two accounting policy changes in this area as detailed in the 'significant accounting policies' section of the financial statements which also led to marginal increase in the provision for depreciation on investments.

Provisions for standard assets:

The Bank provided ₹2,674 crores for standard assets including unhedged foreign currency exposure compared to ₹1,441 crores last year. This includes an amount of ₹2,012 crores towards the 10% provision on loans under moratorium as per RBI guidelines on COVID-19 regulatory package. The Bank now, holds in aggregate a provision of ₹5,012 crores towards COVID -19 provisioning of which an aggregate amount of ₹3,130 crores towards provision on loans under moratorium is held under the head provision for standard assets. The Bank has not utilised any provision made on loans under moratorium towards slippages that have happened during fiscal 2021.

Provision for other contingencies:

Provisions for other contingencies for fiscal 2021 amounted to ₹714 crores as compared to ₹4,205 crores in fiscal 2020. This decrease is mainly on account of following –

In fiscal 2020 the Bank had made additional provisions as detailed below for three large items :

- From fiscal 2020, the Bank had started maintaining systematic provision towards non-fund based outstanding in NPAs, prudentially written off accounts, corporate standard advances internally rated 'BB and Below' or 'Unrated' and all SMA-2 advances as reported to CRILC, which had resulted in recognition of one-time catch-up provision of ₹411 crores last year. During the year, there was a write-back in the provision maintained on these accounts of ₹12 crores on account of reduction in balances or upgradation of accounts.
- During fiscal 2020, the Bank had made a provision ₹1,526 crores (net of write-back on account of sale of a land parcel) towards land held under non-banking assets acquired in satisfaction of claims. This resulted in full 100% provision getting routed through P&L over period of 4 quarters from March 2019 to December 2019. Accordingly, there was nil incremental provisioning requirement on the same in fiscal 2021.
- The Bank continues to hold provisions of ₹1,882 crores as at 31 March, 2021 recognised in fiscal 2020 against the potential impact of COVID-19 despite an improvement in stress models as on date when compared to the original estimate in March 2020. There was no top up to or write back of this provision in fiscal 2021.

Against the above, in fiscal 2021, the Bank has made a provision of ₹499 crores which is higher than the regulatory prescription for assets that restructured or under restructuring as per RBI guidelines on 'Resolution Framework for COVID-19-related Stress' and RBI guidelines on 'MSME Restructuring'.

As at the end of fiscal 2021, the cumulative non NPA provisions amounted to ₹12,010 crores as compared to ₹7,735 crores at the end of fiscal 2020. The standard assets coverage ratio (all non NPA provisions / standard assets) increased to 1.95% as compared to 1.38% a year ago.

Provision for tax

Provision for tax for fiscal 2021 stood at ₹2,217 crores as compared to ₹3,277 crores for last year. 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 ₹2,138 crores which has been fully charged to the Profit and Loss account during the previous year. Hence, there was a decrease in provision for tax this year as compared to last year.

Net profit

As a consequence, net profit for the year ended 31 March, 2021 increased and stood at ₹6,588 crores, as compared to the net profit of ₹1,627 crores last year.

Asset Quality Parameters

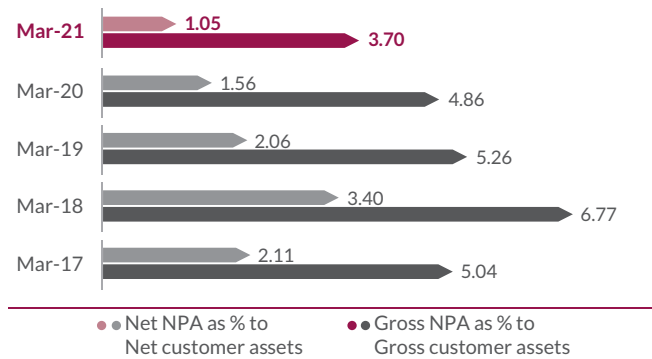
The asset quality metrics improved during the fiscal, with reduction in NPA ratios year on year.

Management's Discussion and Analysis

During the fiscal, the quantum of BB and below rated accounts (excluding investments and non-fund based exposure) increased and stood at ₹7,443 crores as compared to ₹6,528 crores at the end of fiscal 2020. The Bank has downgraded all COVID -19 restructured corporate loan accounts to BB and Below. The aggregate outstanding of BB and below rated investments and non-fund based accounts was ₹666 crores and ₹4,574 crores respectively as at the end of March 2021.

The Bank added ₹17,247 crores to Gross NPAs during the year with the Bank's ratio of Gross NPAs to gross customer assets decreasing to 3.70%, at the end of March 2021 from 4.86% as at end of March 2020.

Gross and Net NPA



The Bank added ₹8,987 crores to Net NPAs after adjusting for recoveries and upgradations of ₹2,995 crores and ₹5,265 crores respectively and the Bank's Net NPA ratio (Net NPAs as percentage of net customer assets) decreased to 1.05% from 1.56%.

The Bank's provision coverage has increased during the fiscal and stood at 88% including prudential write-offs and 72% excluding prudential write-offs. The Bank's accumulated prudential write off pool stood at ₹31,856 crores as at end of fiscal 2021.

During the year, RBI has issued guidelines on 'Resolution Framework for COVID-19-related Stress' which enable lenders to implement a resolution plan in respect of eligible corporate exposures and personal loans, while classifying such exposures

as standard, subject to specified conditions. Further, RBI also extended the timelines for MSME restructuring until 31 March, 2021. The Bank has been judicious around loans restructured in these dispensations. The fund based outstanding of standard loans under COVID-19 resolution scheme at 31 March, 2021 stood at ₹1,848 crores or ~ 0.3% of gross customer assets. The linked non fund based outstanding for which there has been no change in original terms stood at ₹923 crores. Outstanding restructured loans under the MSME scheme stood at ₹251 crores. The Bank holds a provision of ₹499 crores on these restructured assets. In addition, the Bank also holds a provision of ₹116 crores on a portion of these restructured assets which overlaps with SMA-2/BB & below portfolio of the Bank, taking total provision as on 31 March, 2021 to ₹615 crores.

Key ratios

Particulars	2020-21	2019-20
Basic earnings per share (₹)	22.15	5.99
Diluted earnings per share (₹)	22.09	5.97
Book value per share (₹)	331.63	301.05
Return on equity (%)	7.55%	2.34%
Return on assets (%)	0.70%	0.20%
Net interest margin (%)	3.53%	3.51%
Profit per employee (₹ lakh)	8.66	2.40
Loan to Deposit ratio (Domestic)	82.06%	82.86%
Loan to Deposit ratio (Global)	88.18%	89.27%

Basic Earnings Per Share (EPS) was ₹22.15 compared to ₹5.99 last year, while the Diluted Earnings Per Share was ₹22.09 compared to ₹5.97 last year. Return on Equity (RoE) and Return on Assets (RoA) improved during the year and stood to 7.55% and 0.70% respectively. Book Value per Share increased by 10% to ₹331.63 from ₹301.05 last year. Profit per Employee stood at ₹8.66 lakh.

Loan to Deposit ratio of the Bank as on 31 March, 2021 was at 88.18% with a domestic CD ratio of 82.06%.

Balance Sheet parameters

Assets

Particulars	2020-21	2019-20	% change
Cash and bank balances	61,730	97,268	(37%)
Government securities	184,190	125,982	46%
Other securities	41,930	30,752	36%
Total investments	226,120	156,734	44%
Retail advances	334,514	305,400	10%
Corporate advances	219,356	204,103	7%
SME advances	69,850	61,921	13%
Total advances	623,720	571,424	9%
Fixed assets	4,245	4,313	(2%)
Other assets¹	80,303	85,426	(6%)
Total assets	996,118	915,165	9%

1. includes Priority Sector Lending deposits of ₹46,886 crores (previous year ₹46,463 crores)

Total assets increased by 9% to ₹996,118 crores as on 31 March, 2021 from ₹915,165 crores on 31 March, 2020, driven by 9% and 44% growth in advances and investments respectively.

Advances

Total advances of the Bank as on 31 March, 2021 increased by 9% to ₹623,720 crores from ₹571,424 crores as on 31 March 2020, largely driven by healthy growth in the SME & retail segment. Retail advances comprised 54% of total advances and grew by 10% to ₹334,514 crores, corporate advances comprised 35% of total advances and grew by 7% to ₹219,356 crores and SME advances constituted 11% of total advances and grew by 13% to ₹69,850 crores. Total advances including Targeted longer-term refinancing operations TLTRO investments grew by 12% YOY.

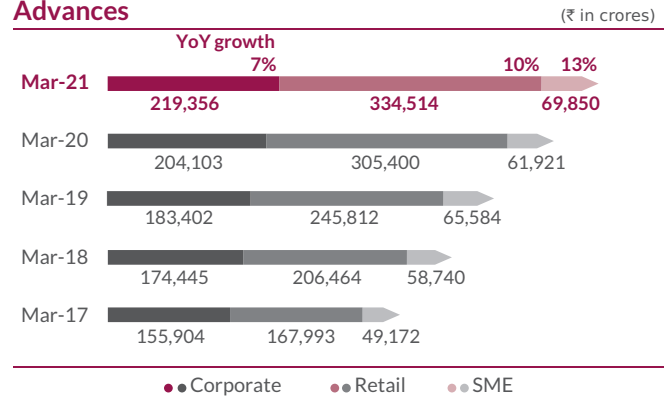
Domestic advances of the Bank as on 31 March, 2021 grew by 10% to ₹578,721 crores from ₹526,786 crores as on 31 March 2020. Further, domestic corporate advances of the Bank as on 31 March, 2021 increased by 7% to ₹187,148 crores from ₹175,087 crores as on 31 March, 2020.

The retail lending growth was led by Small Banking Business (SBB), mortgage loan and auto loans. Home loans remain the largest retail segment and accounted for 36% of retail loans, rural lending 13%, loans against property (LAP) 9%, personal loans (PL) and credit cards (CC) were 16%, auto loans 12% and Small Banking Business (SBB) were 5%, while non-schematic loans comprising loan against deposits and other loans accounted for 10%.

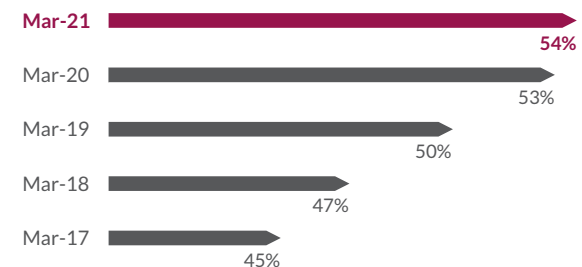
Investments

The investment portfolio of the Bank grew by 44% to ₹226,120 crores. Investments in Government and approved securities, increased by 46% to ₹184,190 crores. The growth in G-sec investments is mainly attributable to improving the level of liquid assets for LCR purposes and in line with the increase in ceiling of HTM securities announced by RBI in September 2020. Other investments, including corporate debt securities, increased by 36% to ₹41,920 crores, this includes outstanding TLTRO investments of ₹18,074 crores as on 31 March, 2021. 80% of the government securities have been classified in the HTM category, while 40% of the bonds and debentures portfolio has been classified in the AFS category.

Advances



Retail Advances as % to Total Advances



Management's Discussion and Analysis

Other Assets

Other assets of the Bank as on 31 March, 2021 decreased to ₹80,303 crores from ₹85,426 crores as on 31 March 2020, primarily on account of decrease in positive mark-to-market receivable on orex and derivative contracts from ₹16,143 crores as on 31 March, 2020 to ₹10,843 crores as on 31 March, 2021, on account of movement in INR/USD exchange rate during the year.

Liabilities and shareholder's funds

(₹ in crores)			
Particulars	2020-21	2019-20	% change
Capital	613	564	9%
Reserves and Surplus	100,990	84,384	20%
Total shareholder's funds	101,603	84,948	20%
Deposits	707,306	640,105	10%
- Current account deposits	113,276	90,114	26%
- Savings bank deposits	204,473	173,592	18%
- CASA	317,749	263,706	20%
- Retail term deposits	284,928	253,437	12%
- Non-retail term deposits	104,629	122,962	(15%)
- Total term deposits	389,557	376,399	3%
Borrowings	142,873	147,954	(3%)
- In India	102,865	92,493	11%
- Infra bonds	20,880	20,880	-
- Outside India	40,008	55,461	(28%)
Other liabilities and provisions	44,336	42,158	5%
Total liabilities and shareholder's funds	996,118	915,165	9%

Shareholder's funds

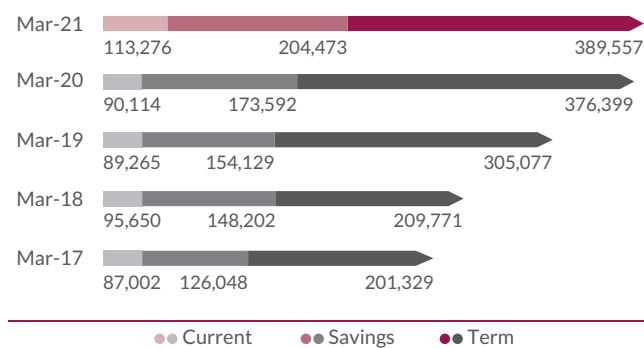
Shareholder's funds of the Bank increased from ₹84,948 crores as on 31 March, 2020 to ₹101,603 crores as on 31 March, 2021. This is mainly on account of increase in capital and reserves due to the equity capital mobilised through the Qualified Institutional Placement (QIP) offering completed during the year.

Deposits

The total deposits of the Bank increased by 10% to ₹707,306 crores against ₹640,105 crores last year. Savings Bank deposits reported a growth of 18% to ₹204,473 crores, while Current Account deposits reported increase of 26% to ₹113,276 crores. As on 31 March, 2021, low-cost CASA deposits increased to ₹317,749 crores, and constituted 45% of total deposits as compared to 41% last year. Savings Bank deposits on a daily average basis, increased by 15% to ₹177,342 crores, while Current Account deposits reported a growth of 15% to ₹79,740 crores. The percentage share of CASA in total deposits, on a daily average basis, was at 41% compared to 40% last year.

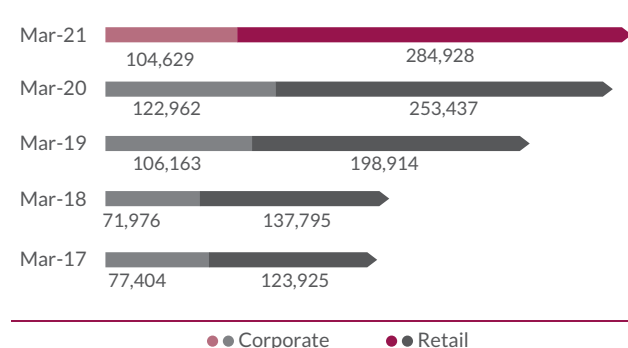
Deposits

(₹ in crores)



Term Deposits

(₹ in crores)



This year the Bank significantly ramped up its focus on retail term deposits as well. As on 31 March, 2021, the retail term deposits grew 12% and stood at ₹284,928 crores, constituting 73% of the total term deposits compared to 67% last year. During the year, the Bank as a conscious strategy decided to expand its granular deposit base (CASA + Retail Term Deposits) which now constitute 85% of total deposits as on 31 March, 2021 as against 81% of total deposits on 31 March, 2020. This has led to a growth in the level of CASA and Retail Term Deposits by 17% and consequent de-growth in the corporate deposits of 15% over last year.

Borrowings

The total borrowings of the Bank decreased by 3% from ₹147,954 crores in fiscal 2020 to ₹142,873 crores in fiscal 2021.

Contingent Liability

(₹ in crores)			
Particulars	2020-21	2019-20	% change
Claims against the Bank not acknowledged as debts	2,054	1,957	5%
Liability for partly paid investments	165	139	19%
Liability on account of outstanding forward exchange and derivative contracts:	882,040	802,690	10%
- Forward Contracts	510,118	455,979	12%
- Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	335,418	301,597	11%
- Foreign Currency Options	36,504	45,114	(19%)
Guarantees given on behalf of constituents	80,831	73,914	9%
- In India	72,965	66,480	10%
- Outside India	7,866	7,434	6%
Acceptances, endorsements and other obligations	37,806	25,165	50%
Other items for which the Bank is contingently liable	49,763	19,104	160%
Total	1,052,659	922,969	14%

Capital Management

The Bank continues its endeavour for greater capital efficiency and shoring up its capital adequacy to enhance shareholder value. During the year ended 31 March, 2021, the Bank raised additional equity capital through a Qualified Institutional Placement of shares at a price of ₹420.10 per share. As a consequence, the paid-up share capital of the Bank has increased by ₹48 crores and the reserves of the Bank have increased by ₹9,915 crores after charging off issue related expenses. The funds mobilised for 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.

Movement of CRAR during fiscal 2021	%
Capital Adequacy Ratio as on 31 March 2020	17.53
Increase due to QIP issue	1.57
Change due to RBI directions/RWA optimisation	0.26
Increase due to profit in fiscal 2021	1.04
Decrease on account of consumption	(1.28)
Capital Adequacy Ratio as on 31 March 2021	19.12

The Bank has also been focusing on increasing the proportion of lower Risk Weighted Assets (RWA). The Bank's Risk Weighted Assets (RWA) to Asset ratio improved from 67% as at the end of fiscal 2020 to 64% at the end of fiscal 2021.

During the year, the Bank's capital consumption was modest, driven by improvement in RWA intensity.

The Bank's capital position continues to be strong and is sufficiently robust for it to pursue growth opportunities with adequate liquidity buffers.

The Bank's overall capital adequacy ratio (CAR) under Basel III stood at 19.12% at the end of the year, well above the benchmark requirement of 9.00% stipulated by Reserve Bank of India (RBI). Of this, the Common Equity Tier I (CET I) CAR was 15.40% (against

Management's Discussion and Analysis

minimum regulatory requirement of 5.50%) and Tier I CAR was 16.47% (against minimum regulatory requirement of 7.00%). As on 31 March, 2021, the Bank's Tier II CAR under Basel III stood at 2.65%.

The following table sets forth the capital, risk-weighted assets and capital adequacy ratios computed as on 31 March, 2021 and 31 March, 2020 in accordance with the applicable RBI guidelines under Basel III.

(₹ in crores)		
Particulars	2020-21	2019-20
Tier I capital	104,748	88,449
Tier II capital	16,829	18,556
Out of which		
- Tier II capital instruments	11,440	13,095
- Other eligible for Tier II capital	5,389	5,461
Total capital qualifying for computation of capital adequacy ratio	121,577	107,005
Total risk-weighted assets and contingencies	635,863	610,527
Total capital adequacy ratio	19.12%	17.53%
Out of above		
- Common equity tier I capital ratio	15.40%	13.34%
- Tier I capital ratio	16.47%	14.49%
- Tier II capital ratio	2.65%	3.04%

Business Overview

During the year, the Bank reviewed and updated the GPS strategy that was first outlined in fiscal 2020, and continues to be guided by the three vectors of Growth, Profitability and Sustainability. The Bank's aspiration on the key vectors of GPS are:

- **Growth:** Continue to grow deposits, payments, advances and our subsidiaries to reach leadership positions across our businesses
- **Profitability:** Enhance non-credit revenue streams, drive leadership in costs, and embed profitability in all business decisions
- **Sustainability:** Work towards driving execution excellence, continue to strengthen Credit Risk Management, build a Compliance culture and strengthen the Core (Technology, Operations and Process Excellence)

As part of the GPS initiatives, under the "One Axis" vision, the Bank is also focused on delivering solutions across the customer value chain by leveraging shared solutions and services across departments and subsidiaries.

Even as the COVID-19 crisis unfolded across the world last year, the Bank made tactical and near-term adjustments to its strategy to counter the challenges that came up. The Bank also launched around 20 projects aligned to the Bank's GPS framework, with a near to medium term outlook. These projects put conservatism and sustainability at the core to drive profitable growth. The objective of these projects was to ensure that the Bank was well prepared and among the earliest to capitalize on emerging opportunities. Some of these projects included addressing the needs and opportunities in mass-market segments, driving a focused approach to collections, and optimizing capital and cost within the Bank.

The Bank remains committed to its GPS strategy of working towards Growth, Profitability and Sustainability over the medium-term through various key initiatives across the Bank and each of the business segments.

An overview of the Bank's various business segments along with their performance during fiscal 2021 and future strategies is presented below:

Retail Banking

The Bank has over the last decade built a strong Retail Banking franchise that continues to be a key driver of the Bank's overall growth strategy. The Bank's focused customer-centric approach, strong and differentiated product offerings, along with its wide distribution network remain the core pillars through which it continues to serve the financial needs and aspirations of its customers.

The Retail business segment offers a variety of products across deposits, loans, cards, payment solutions, investments, wealth management and advisory services, to meet the specific financial needs of customers through their lifecycle.

Retail liability products include savings and current accounts and term deposits with features and benefits to meet the banking needs of different customer segments. Retail lending products include home loans, loans against property, automobile loans, two-wheeler loans, commercial vehicle loans, personal loans, gold loans, education loans, credit cards, small business banking loans and agriculture loans among others.

The Bank's Retail Banking business unit also offers other products and services such as debit and credit cards, forex cards, bill payment services and wealth management services. The Bank also distributes third party products such as mutual funds, life and non-life insurance policies, Government bonds, etc.

The Bank believes that it is well-positioned to capitalize on growth opportunities in the Indian retail financial services market, led by its strong liability franchise, well diversified products portfolio and robust analytics and technological capabilities. During the fiscal year 2021, the Retail segment contributed 69%, 54% and 64% of the Bank's deposits, advances and fee income respectively.

Retail Deposits

The Bank remains focused on garnering stable and granular retail deposits in order to drive its balance sheet growth. During the year, the Bank reported steady growth in its Current and Savings Accounts plus retail term deposits that together grew by 17% YOY. Within this, the SA deposits grew by 18% and the CA deposits grew by 26%, while the Retail term deposits too grew by 12%. The Bank added 6.7 million new liability accounts during the year with 2.8 million of them being SA accounts.

Premiumization of deposits franchise continues to be an important imperative for the Bank. The Bank has over the last two years taken significant steps towards building a quality liability franchise with emphasis on deepening the relationship with its Existing to Bank (ETB) deposit customers. During the year, the Bank's initiatives on right product fitment and greater customer engagement led to 6.5% increase in ETB deepening. The share of premium accounts in the ETB SA base book increased by 150 bps YoY i.e., from 35.5% to 37.0% during the year.

The Bank also took several measures towards improving the quality of New to Bank (NTB) customer acquisitions that led to a healthy improvement in the quality metrics like initial funding rate and overall median balances in the NTB accounts. The Bank's salary savings account deposits grew 22% YOY as it continued to work towards leveraging its corporate lending relationships with top corporates to gain higher share in salary segment. The Bank also continued to focus on segments like Burgundy Private, Burgundy, Priority and NRI with the key objectives of growing the liability book and becoming primary bankers to the customer by increasing product cross-sell and acquiring more family accounts.

The Bank continued to introduce product features and solutions to cater to the evolving customer requirements. The Bank, in July 2020, introduced complimentary daily hospital cash cover on the mass savings account variants that also covered COVID-19 related hospitalization expenses as well. The Bank also introduced a new Savings account variant 'Liberty Savings' in August 2020, which is a unique spends based account, targeted at the youth offering them freedom of choice. Spends through the account help customers get cashback, vouchers and also waiver on minimum balance fee depending on spend thresholds. The Bank has opened over 2 Lakh accounts with over ₹1,000 Crore balances in these accounts till the end of March 2021.

Given the challenges faced at the onset of FY21 due to COVID -19 led lockdown, the Bank launched a video KYC based 'Full power Digital Savings Account' that can be opened instantly and provides access to 250 plus services online. In the backdrop of the pandemic, there was a need felt for sensitizing customers on the need of building an emergency corpus. Keeping this in mind, the Bank launched Emergency Savings Planner (ESP) tool, an industry first transformational tool that allows customers to calculate the emergency corpus that they should have, and also provides them with a structured savings program to help them build a savings habit.

The Bank also continued to focus on the training of sales officers and enhancing their productivity through transformation led projects. The Bank has developed an Omni channel offering "Aarambh", a truly customer centric initiative that displays all the right fit products for NTB and ETB customers on a single screen, assists customers with relevant product information and integrates with instant end to end digital fulfilment.

In order to serve the deposit customers better and deepen relationships with them, the Bank has organically built a well-diversified branch network over the years. The Bank continues to look at the segments and demographic areas that are relevant to the Retail Banking strategy, before setting up a branch. During the year, the Bank adopted calibrated approach and opened 66 branches based on business and regulatory requirement. As on 31 March, 2021, the Bank had a network of 4,594 branches and extension counters as compared to 4,528 branches and extension counters as at the end of 31 March, 2020.

The Bank's geographical reach in India now extends to 38 states and union territories, covering around 2,596 centres and 677 districts. Around 16 % of the Bank's branches are in rural areas and 75% of the Bank's rural branches are in unbanked locations.

Management's Discussion and Analysis

The Bank also has extensive network of 11,300+ ATMs and 5700+ Recyclers, which not only handled the cash deposits and withdrawals, but also served as self-service and fulfilment centres. The Bank sold 2.5 lakh units of various products via ATM channel in fiscal 2021 as compared to 1.65 lakh in fiscal 2020.

The Bank has also been investing in developing alternate channels like Axis Virtual Centres and Digital to reach out to increased customer base and strengthen the relationships further. Axis Virtual Centre (AVC) uses omni channel to reach out to its customer base, leveraging technology and a solution centric approach to customer conversations. Currently it operates from 6 locations with a strong team of over 5000 members that include 1500 virtual relationship managers. These AVCs offer a plethora of services like account opening through video KYC, relationship management across programs such as Burgundy, Priority, Prestige and Prime, payments assistance, retail loans, cards portfolio products and Investment products to both domestic and overseas customers.

Retail Lending

During the year, the Bank's focused approach on growth in certain products, geographies and customer segments along with its emphasis on transforming the processes towards delivering superior customer experiences helped deliver growth of 10%. The retail loan portfolio as a proportion of the total loan portfolio increased to 54% as on 31 March, 2021 from 53% as of 31 March, 2020.

The Bank's strategy continued to revolve around achieving higher growth in secured retail lending through its physical and digital distribution network, while leveraging on cross-selling opportunities to its internal customer base. The Bank's Retail business delivered higher disbursements growth in secured loans like home loans, LAP, Auto loans and SBB and the share of secured loan disbursements in overall disbursement mix increased to 85% in fiscal 2021.

As a part of the business growth plans, the penetration into the internal customer base remains a critical component of the Bank's Retail strategy given the benefits of the customer stickiness, better portfolio performance and lower acquisition cost. The Bank sources 70% of its retail assets from its ETB customers with higher proportion of ETB customer mix in Credit Cards, Personal loans and LAP.

The Bank's branches continued to play an important role in growth of retail assets with ~ 56% of retail advances being sourced at branches. The Bank has been working on reimagining the Branch Channel from a banking storefront to a financial services marketplace. The Bank continues to focus on automation of branch processes so that the customer service officers can better engage with the customers to provide them specific solutions.

The Bank also continued to expand its business by seizing opportunities in identified rural and semi-urban markets, and by embracing digital. As part of its Deep Geo initiative, the Bank had adopted an asset led customer acquisition strategy to drive higher growth and increase market share in rural and semi-urban markets. During the year, the Bank expanded this strategy to 1,577 branches as compared to 387 branches in fiscal 2020. The Bank also partnered with 6,303 common service centers (CSCs) that would act as an extension arm for branches to further increase its reach in deeper geographies. The Deep Geo strategy also complements the Bank's PSL strategy meaningfully and the Bank continues to work towards strengthening policies to increase PSL sourcing from these regions. During the year, the disbursements from Deep Geo branches grew 59%; 86% of the disbursements were towards secured loans and 55% of the disbursements were PSL compliant.

The Bank also partnered OEMs in automotive and two wheelers space and rural agri focused vendors to capture the whole value chain apart from entering into partnerships with online fintechs to drive higher growth. The Bank tied up with four-wheeler automotive majors like Maruti Suzuki and Hyundai to offer Axis Auto loans on their digital sales and lending platforms. The Bank also partnered with Bayer's Better Life farming initiative for providing holistic digital banking solution to smallholder farmers and rural farming communities. The Bank also leveraged its subsidiary Freecharge's platform for gold loans and Auto loans lead generation.

The Bank has been leveraging various digital platforms with a view to enhance automation in lending and improving process efficiencies while reducing costs and environmental footprint. The Bank effectively utilized direct to consumer channels like SMS, Mobile Banking push to reach out to customers with specific offerings. The Bank also facilitated online application of home loans and instant approval for specific approved projects; and instant disbursement of personal and consumer loans for physically sourced select ETB customers. The insta-lending products with focus on seamless on-boarding of customers created a rewarding digital experience for the customers. Of the total lending disbursement 14% was sourced through digital platform. The Bank sourced 57% of the personal loans through paperless digital platforms and opened 47% of business loans digitally.

The Bank continued its focus on process transformation in order to improve the productivity and performance of its employees. The Bank launched Project Unnati and the pilot project helped to make processes more efficient resulting in improved productivity

and TAT in Home Loans. Product trainings were initiated for sales managers and regional officers across retail asset vertical with assessment at the end of the training program to further enhance their product knowledge and productivity.

The COVID-19 outbreak, which led to a complete shutdown of the economy dented the growth in loans and disbursements during the first quarter of the year. However, the festive demand and revival in economic activities on back of government initiatives boosted the consumer demand from second quarter of fiscal 2021. As a relief measure for people in view of the coronavirus pandemic, the Bank assisted its customers to avail moratorium. The Bank also launched Emergency Credit Line Guarantee Scheme for existing B2B and MSME customers in rural segment.

The Bank also continued to invest in building risk management and analytical capabilities to mitigate risks, and improve the profitability of its retail products. In Retail, the Bank tightened its underwriting criteria across product lines based on profiles, industries and nature of products and also re-calibrated scorecards to reflect the inherent risk in borrower profiles. The Bank also strengthened its collections capacity across the board in Retail. The Bank's prudent credit evaluation policies and processes have enabled it to maintain a well-balanced portfolio and developed calibrated approach to managing NPAs.

Retail Payments

The recent years have seen a tremendous shift from cash to digital & card payments. With the convenience and security that digital payments solutions bring, customers are increasingly becoming comfortable transacting online and using digital payment options. With the government too promoting digital payments aggressively, the industry has seen massive developments and there remains a large opportunity for further growth.

Payments business continues to be at the core of Bank's Retail Banking strategy as it signifies the face of the franchise, increases customer engagement and drives profitability. To cater to the growing digital payments users and as part of the journey to build iconic payment products the Bank launched the ACE Credit Card in collaboration with Google Pay. The card offers best in class unlimited cashback of 2 to 5% across various spend categories.

The tokenization feature enabled in partnership with Visa allows Google Pay users to make card-less payments. In recent times, the Bank has also seen significant growth in customer spends in the health and wellness categories. The Bank launched the Aura Credit Card in order to tap this growing market. The card comes loaded with some great health and wellness related benefits. The Bank has tied up with major online pharmacies, medical consultancy providers and sports goods provider among others for these curated health and wellness solution.

The Bank's marquee card proposition 'Flipkart Axis Bank Credit Card', a cobranded credit card in partnership with ecommerce giant Flipkart crossed a significant milestone of 1 million cards in force (CIF) in a record time of 20 months from its launch despite the pandemic slowing down the acquisition growth for a few months.

There has been a significant focus on introducing and promoting industry-first digital features as well. The Bank launched Video KYC feature for customer onboarding on the Flipkart platform to facilitate fully digital card issuances. The Bank also facilitated better customer experience by making available billing summary, bill payment, account summary, cashback summary, managing the usage of card (as mandated by RBI) and several other essential features digitally available on the Flipkart platform for the Flipkart Axis Bank credit cardholders.

During the year, the Bank introduced the Industry first feature loaded Debit Card along with Video KYC based savings accounts. The E-Debit Card allows customers to start transacting immediately after opening the account and carries spend linked benefits. The Bank also launched the Liberty Debit Card for the re-branded prime segment.

The Bank also witnessed significant migration to digital based sourcing through straight through applications during the year with 72% of cards sourced digitally in fiscal 2021 as compared to 38% in fiscal 2020.

With continued focus on increasing penetration of Contactless payments, the Bank recently launched Wear 'N' Pay, its own range of wearable contactless payment devices, making payments truly on-the-go and convenient for its customers.

The Bank's Merchant Acquiring business continues to be one of the largest acquirers in the country with a base of over 6 lakh installed terminals. The Bank's Acquiring Throughput grew 36% as compared to Industry's growth of 21%, with its market share up 140 bps from 11.9% in March 2020 to 13.3% in February 2021. The Bank continued to invest heavily in creating state-of-the-art merchant user experiences. The Bank enabled "Tap & Go" & "Tap + PIN" on 2 Lakh+ terminals facilitating Contactless payments.

During the year, the Bank launched first of its kind "Android PoS" - a smarter, sleeker terminal loaded with value added services such as Khata, Card-less EMI & integrated BQR contributing to 40% of the Sourcing. The early indicators are encouraging with 30% higher activity and ticket size of transactions than other terminals. In a quest to expand beyond traditional payments and be central to the Merchant Ecosystem, the Bank has forayed into integrated solutions for Kirana stores with digitization programs

Management's Discussion and Analysis

where a Kirana retailer can now order inventory, manage stocks, accept payments and even facilitate home delivery requests through the Axis Android terminal. The Bank's Acquiring team has digitized more than 50k+ merchants, adding 1Lac+ terminals in the last quarter of fiscal 2021.

Fiscal year 2021 was a watershed year for UPI payments with transaction volumes witnessing tremendous growth to 22.3 billion PSP transactions led by government push and customers increasingly opting for contactless payments due to the COVID-19 pandemic. The Bank maintained its strong positioning in the UPI space with a market share of 16.7% as Payer PSP. During the year, the Bank also went live as a PSP partner for PhonePe & WhatsApp and the Bank now has partnerships with all the major third-party UPI apps in the ecosystem (including Google Pay & Amazon Pay) with more than 16 crore customer VPAs registered as on 31 March, 2021.

In addition to building on partnerships and growing the UPI franchise, the Bank focused extensively on improving the customer and merchant experience by improving processes and eliminating bottle necks in terms of back-end operations. In order to keep up with these ever-increasing volumes, the Bank proactively upgraded its IT capabilities by setting up a dedicated system to exclusively handle UPI transaction volumes in September 2020. As a result, the Bank has been able to minimize technical declines significantly, with the lowest figures among peer banks – with remitter TDs as low as 0.1% (in January 2021) and ending the year at 0.6% (in March 2021).

In line with the Bank's credo of offering the best-in-class payments experience to customers and merchants, the Bank was one of the first banks to go live with NPCI (as issuer and beneficiary) for the online dispute redressal mechanism (ODR) on 1 March, 2021.

With the digital payment wave in India here to stay, the Bank remains committed towards bringing in more digital and new age payment solutions while enjoying a strong market position across most digital payments space in India.

With the onset of second wave of pandemic, the Bank will continue its cautious approach and has employed various guardrails to protect the cards business from credit risk downturns for both new sourcing as well as its portfolio products.

Wealth Management

The Bank's wealth management business 'Burgundy' continues to be among the top wealth management franchises in the country with assets under management of over 2.13 trillion as on 31 March, 2021, a growth of 45% over the previous year and 28% CAGR growth in the last 4 years. Product innovation, enabled by an open architecture framework, a robust technology platform, training & development of talent along with efficient execution even in situations when business continuity was challenged were the key enablers in of growth during the year.

In the backdrop of an unprecedented COVID-19 event, the Bank's Burgundy Wealth Management team responded with agility and embarked on 'Project Outreach', an initiative to connect with the customers. The intent was not only to ensure the well-being of their health and investment portfolio, but also assure them that the Bank is open for all their financial requirements. Investors were also educated on the assisted and Non-Assisted (DIY) modes for the easy, secure and swift digital execution of their financial transactions.

The Bank also launched several new products, across asset classes, to provide wealth management solutions to help customers in managing & growing their investment portfolio and to meet the protection needs of self & family. The Bank launched the fully digital premium banking account opening journey for NTB customers. The Bank's monthly One Glance Statement (OGS) now provides more information about the relationships the customers have with the Bank. In line with the Bank's One Axis strategy, the wealth management team partnered with the Bank's subsidiary companies to offer unique products for customers to diversify and invest in bonds & debentures, equity of listed & unlisted companies in India and remit money under the Liberalized Remittance Scheme to invest in securities listed on the US stock exchanges. The Bank remains committed to this path of innovation and value creation in the wealth management ecosystem.

The customer-centricity during the lock-down and thereafter, along with the innovative product offerings helped in growing the Burgundy base to 1.70 lacs across the globe, a 22% CAGR growth over the last 4 years.

Burgundy Private, the Bank's private banking business completed its first anniversary during the year. The Burgundy Private proposition is a comprehensive and personalized offering that leverages the strength of 'One Axis' to meet specialized wealth and banking needs of the high- and ultra-high net-worth client segments. The Burgundy Private team has expanded with 84 Partners across 20 locations in the country. This team has considerable vintage in the private banking & wealth management industry with capabilities to manage the diverse needs of private clients.

The year has seen Burgundy Private achieve strong growth in a challenging environment. Burgundy Private now manages over 1,666 UHNI and HNI families (95% growth since March'20) with Assets Under Management of around ₹ 50,000 crores (96% growth since March'20).

Retail Forex and Remittance business

The Bank offers a range of forex and remittances products to its retail customers, which include forex cards, inward and outward wire transfers, remittance facilities through online portal as well as through collaboration with correspondent banks and exchange houses.

The Bank continues to be one of the largest players in prepaid forex card market with its flagship offering of Multi-currency card that allows users to load 16 currency options in one card. The Bank launched 'Axis Bank Club Vistara Forex Card', the first co-branded Forex Card in association with an Indian Airline, Vistara Airlines, in October 2020. This offering is in addition to the 'World Traveller Forex Card' already offered by the Bank in association with Miles & More, Europe's largest traveller loyalty programme.

In line with the rapid customer adoption of digital channels for banking transactions, the Bank provides convenient online offerings across the Retail Forex and Remittance product portfolio. Remit Money, an online remittance portal available to NRIs across 7 geographies, provides competitive and user-friendly platform to send money to their beneficiaries in India. The Bank's customers can initiate outward remittances through their Internet banking access without having to submit any paperwork. This convenient option resulted in continued increase in the number of transactions processed through this channel on a yearly basis. The Bank also offers instant reload facility to its account holders on their Multi-currency forex cards for travellers on-the-go who need not worry anymore about running out of cash while abroad. During the year, the Bank launched outward remittance on mobile app and fully digital forex card issuance platform in the retail forex business to enhance the customer proposition. Customers can now send outward remittances in 100 currencies from the Bank's mobile app. Similarly, customers can also avail a forex card from any of the Bank's digital channels.

Third Party Distribution

The Bank is one of the leading distributors of third-party products including mutual fund schemes, life insurance, health insurance and other general insurance policies. The Bank offers comprehensive investment and protection solutions, to cater to the diverse needs of each customer segment, adopting tech-enabled delivery mechanisms across all customer touch points.

With a total Mutual AUM of ₹47,370 crore, the Bank continues to be the fourth largest distributor in the industry and had 1.8 million mutual fund customers as on 31 March, 2021. The Bank through its dedicated in-house research desk, identifies the best mutual fund schemes based on qualitative and quantitative parameters. Currently, the Bank distributes Mutual Funds schemes of 21 major Asset Management Companies, through its diversified branch network and digital channels based on the customers' lifecycle and investment requirements. The Bank also offers various Alternate Investment Products to its customers, as approved by SEBI.

The Bank offers online trading services to its customers in collaboration with Axis Securities Ltd under the brand name Axis Direct. Through its branches, the Bank has sourced more than 2.5 million total customers for Axis Direct.

The Bank is one of the fastest growing Bancassurance player in the industry with 39% YoY Growth in life insurance premium and 55% growth in general insurance premium. During the year, the Bank secured 1.1 million lives taking the total number of lives secured since inception to 3.5 million through Life and health Insurance products.

The Bank in its life insurance distribution business has a tie up with Life Insurance Corporation of India, Max Life Insurance Company Limited and Bajaj Allianz Life Insurance. The Bank's strategy of adopting an open architecture helped the Bank to increase penetration and grow faster than the industry led by its strong product offerings and improvement in persistency. Digital initiatives continue to be the top-most priority for the Bank which will help in streamlining the customer on-boarding and servicing processes.

In General Insurance, the Bank continues to grow by increasing customer penetration and by bringing in contextual products powered by TATA AIG General Insurance Company Limited, Aditya Birla Health Insurance Limited and Bharti Axa General Insurance Company Limited. In this financial year, the Bank has invested in building new channels of distribution with introduction of general and health insurance products for corporate banking customers and merchants.

Immediate response to COVID-19 with contextual product launches and paperless processes have resulted in strong growth of third-party products during the year. Third Party Distribution contributed 16% of total retail Bank fee income in fiscal 2021.

In line with the Bank's strategy to enable remote banking, sales processes were redesigned to enable paperless journeys. The Bank introduced direct-to-customer journeys for third-party products on its mobile banking app and internet banking to ensure access of such products anytime, anywhere. To enhance customer experience, frictionless journeys leveraging Bank's KYC for Insurance sales were introduced. The Bank also launched online KRA KYC based C-KYC on PFM for Mutual Funds. The Bank continues to focus on reimagining end to end journeys and build a digital ecosystem for third party product distribution.

Management's Discussion and Analysis

Priority Sector Lending

The Bank continues to pursue a focused strategy on achieving the Priority Sector Lending (PSL) targets and sub targets prescribed by the regulator. The Bank also continues to undertake activities that promotes financial literacy and awareness of the banking services with an aim to cover the under banked borrowers under this PSL drive.

The Bank as part of its Deep Geo strategy has been working towards increasing its presence in specific rural and semi urban geographies across India, that offer high potential for growth in rural advances and MSME lending. During the year, the Bank continued to focus on augmenting the small ticket size loans, crop loans to small and marginal farmers and microfinance business targeted at women borrowers from low income households. The Bank also enhanced its digital lending channels to facilitate quicker turnaround time for sanction and disbursement of loans to MSME borrowers.

The Bank's PSL achievement during fiscal 2021 was 41.7% as compared to the stipulated target of 40% of Adjusted Net Bank Credit. The Bank through organic book and purchase of PSL certificates (PSLC) achieved the PSL targets at the headline level as well as at each subsegment level in fiscal 2021. During the fiscal 2021, the Bank purchased PSLCs of an aggregate amount of ₹59,721 crores at a cost of ₹1,014 crores and sold PSLCs of an aggregate amount of ₹49,976 crores.

Digital Banking

Over the years, the Bank has been at the forefront of providing cutting edge digital solutions to its customers. The Bank continues to remain focused on delivering a distinctive experience and offering digitally native product propositions to its customers.

During the year, the Bank made significant progress on its Digital Banking strategy with focus on transforming the core, re-imagining end to end customer journeys and being partner of choice for the ecosystems.

The Bank has built strong in-house capabilities over the last 18 months with over 800+ people fully dedicated to digital transformation of the Bank. The Bank also has 125+ member team in-house engineering team comprising product managers, developers, designers, digital marketing specialists etc with over 80% of them from non-banking backgrounds such as consumer internet, fintech etc.

The Bank continues to focus on developing full stack digital foundation using advanced analytics and intelligent automation across business operations. The Bank has set up Agile operating model with Dev-ops infrastructure and the new customer proposition development is cloud native.

The Bank's approach to reimagining customer journeys is OPEN.

O

Zero-based redesign, putting customers at the center and rebuilding the entire journey with a 'O' operations orientation.

P

Building Proprietary in-house capabilities that would lead to distinctiveness and differentiation.

E

Ecosystems capable; building solutions keeping both Axis Bank and partners in mind.

N

Numbers or metrics-orientation.

During the year, the Bank made significant progress towards redesigning and simplifying customer journeys and improve customer experience. The Bank introduced a number of digital products including video KYC based on boarding for savings accounts, current accounts and credit cards; new digital investment and insurance journeys across mutual funds, PPF, life and general insurance; digital FDs for NTB customers and GST based digital lending for small businesses.

During the festive season, the Bank launched 'Grab deals', a shopping portal offering great discounts to Bank's customers. The bank also introduced digital collection modes both on channels as well as on partners via BBPS. The bank has recently launched banking through WhatsApp for all banking products across savings account, credit cards, deposits and loans. During the year, 71% of savings accounts opened were through tab banking, 72% of credit cards, 71% of fixed deposits and 40% of new mutual fund SIPS were acquired digitally. The Bank expects these digital propositions to start contributing to the Bank's incremental revenues and growth profile in coming years.

One of the key focus areas of the Bank's Digital strategy is to increase efficiencies and deliver better cost income profile for the Bank by transforming the processes and operations. The introduction of digital products has led to significant reduction in turnaround times, reducing the documentation and enhancing customer satisfaction.

During the year, the Bank shifted over 60,000 staff on Bring Your Own Devices (BYOD) program and enabled access to critical systems such as CRM on mobile devices that helped them to remain active during COVID-19 phase and contributed to productivity. Further, under the branch of the future initiative, the Bank introduced a number of digital servicing options which provide instant servicing of customer requests and reduce operational workload in the branches. There are more than 250 services available on the Bank's digital channel that help people to move away from branches to digital channel.

The Bank has now established marquee partnerships at scale with Amazon, Flipkart, Google Pay and other fintech firms and has made significant progress in building API infrastructure. The Bank also became one of the first institutions to go live on the Account Aggregator framework, a progressive initiative introduced by the RBI to allow customers to share their data with other institutions based on their consent.

The Bank's initiatives on the digital front have been widely recognized. The bank was awarded the "Best Bank Award for Innovation" in the Business Today - KPMG India's Best Bank Awards. Similarly, the Bank was awarded the "Best Digital Bank" by publications like Asiamoney and Financial Express.

Wholesale Banking

The Bank today presents itself as a large full-service Wholesale Bank which caters to all the Banking needs for corporates across lending products, investment banking, capital markets, commercial Banking and transaction banking with linkages to the Retail Bank.

The Bank's Wholesale business segment provides entire bouquet of products and services including cash credit facilities, demand and short-term loans, project finance, export credit, letters of credit and bank guarantees, foreign exchange and derivative products. Liability products such as current accounts, certificates of deposits and time deposits continue to remain key focus area for the Bank.

During the year, the Bank strengthened its leadership team and made certain organisation structure changes in the Wholesale segment across the coverage and product segments to streamline operations, bring in greater business focus and drive profitable growth. The segregation of business relationship groups and product specialists ensured a sharper focus on cross-sell across corporates. The Bank has maintained a relentless rhythm and rigor on disciplined execution while significantly strengthening the credit function and the compliance culture.

The Bank also continued with its approach to deepen client relationships and provide holistic banking solutions by capturing the entire corporate value-chain leveraging 'One Axis' capabilities across the Bank's various business segments and its subsidiaries. The Bank also strengthened its operations and service infrastructure apart from the wholesale product offerings, to drive synergies across the Axis Group.

Wholesale Banking Coverage Group

The Bank's Wholesale Banking segment operates seven major lines of business, serving a diverse customer market segments across large corporates and strategic clients, mid corporates, small and medium enterprises, government business, multi-national companies and financial institutions.

During the year, the Bank continued with its effort to create an integrated Wholesale Banking franchise through its re-oriented structure to meet the specialised financing requirements of its clients. The Bank continued to focus on leveraging the strong relationship it enjoys with corporates to focus on gaining a higher share of shorter tenure working capital and transaction banking businesses. The Bank's Wholesale Coverage Group delivered "One Axis" to its customers through various credit products, trade, forex and derivative solutions, payments and cash management systems, tax payments, salary accounts and trust services, commercial credit cards etc. with the support of a well-defined Wholesale Banking Products team.

During the challenging year that saw businesses getting impacted severely on account of COVID-19 related lockdowns, the Bank reached out to a large number of its existing and new clients in their hour of need and developed a deeper engagement through the Targeted Long Term Repo Operations (TLTRO).

The Bank continued with its strategy of sectoral approach to portfolio diversification where the focus has been on identifying sector specific opportunities and risks; and grow accordingly. The Bank has defined industry, group and rating based single borrower exposure limits and monitors it on a regular basis with a view to identify risks and proactively mitigate the same.

The Bank continued to diversify its loan book emphasizing on segments that offer high growth opportunities and better RAROC. The overall corporate loan book including TLTRO investments grew by 16% YOY, with segments like mid corporate, government coverage and MNC growing by 31%, 66% and 49% respectively. The Bank in its mid-corporate coverage segment strengthened the team and expanded its presence to 20 cities during the year.

Approximately 94% of new sanctions in the corporate book were to companies rated 'A-' or better. As on 31 March, 2021, 85% of outstanding standard corporate book consisted of loans to companies rated 'A-' and above. Further Portfolio diversification through a sectoral approach to credit has helped the Bank to continue reducing the concentration risk.

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During the year, the Bank reviewed and optimised its overseas operations in line with the overall corporate strategy of focusing on domestic corporates. The Bank has consolidated its corporate banking, trade finance services, treasury & risk management solutions offerings through its Dubai, Singapore & GIFT City branches. The overseas loan book constituted 15% of the overall corporate book in fiscal 2021. The funding is largely to Indian conglomerates and public sector entities with over 95% of standard book being India linked and 92% of it rated A- and above.

The Bank over the last few years has deepened its presence by integrating into the customer ecosystem across the value chain. On the payments side, the Bank continues to gain market share by developing unique value proposition to vendors and other stakeholders. The Bank's market share in GST payments improved to 9.2% for the quarter ended March 2021 from 8.8% at the end of March 2020. The Bank's Wholesale Banking coverage group continues to focus on digital innovation with improvement in process quality at the core. The Bank launched 'E-execution' of loan documents for its Wholesale Banking clients during the year wherein the customer can digitally sign documents by way of Aadhaar authentication. The initiative is an industry first and has immensely contributed to the ease of doing business for customers.

As economies and communities around the globe continue to face the wrath of the pandemic, macroeconomic conditions have also been impacted and remain uncertain. The Bank's early assessment and proactive measures to manage the evolving situation, a conservative stance on risk and a sharper focus on customer coverage helped the Bank during this challenging period. The Bank's institutional approach and coverage quality has been recognized and appreciated with Axis Bank emerging as the no. 1 bank and the only domestic bank in the "Large Corporate (Institutional and Coverage Quality) leader" category award at the 2021 Greenwich Excellence Awards.

Commercial Banking

The small and medium enterprises (SME) business is of strategic importance to the Bank as it remains one of the most profitable business segments for the Bank with high PSL compliance and cross sell opportunities.

The Bank's Commercial Banking business emphasizes on building and deepening banking relationships with the small and medium businesses across the country. The Bank caters to serve the unique and evolving financial needs of this crucial sector of the economy with wide range of customised product offerings including working capital finance, term loans, trade products as well as other banking services like cash management, foreign exchange, salary accounts, trust services etc.

The Bank's Commercial Banking Coverage group (CBG) continued its strategy of business growth by identifying and undertaking small to medium sized exposures across multiple sectors in SME space, with a focus to proactively manage and mitigate risk. The Bank has a strong network across the Country offering best in class service through 121 dedicated CBG Centres and the business being delivered through more than 2,100 Branches. The SME book remains well diversified across the geographical regions and across all major industrial sectors.

During the year, the Bank has taken various initiatives under "Project Sankalp" with sharp focus on digital transformation to bring in efficiency in processes and develop sales enablement tools to improve customer experience and deliver growth. Digital workflow-based loan on boarding and approval system was made live resulting in quick disbursement turnaround time (TAT) from baseline along with better underwriting and risk mitigation controls. Further, the Bank developed digital tool that provides all customer related data points on single window, along with enhanced tracking and lead management support for relationship managers that has significantly improved their productivity.

The Bank continued to support the businesses during the COVID-19 pandemic that had adversely impacted the SME customer segment in first half of fiscal 2021. The Bank's CBG team at multiple times demonstrated the Axis Core Values by proactively reaching out to customers during the lockdown to ensure seamless and hassle-free customer service. During this period, in accordance with RBI guidelines related to COVID-19 relief packages, the Bank also granted moratorium period to eligible borrowers. Further approx. ₹7,300 crores of loans were sanctioned out of which more than 90% of the loans were disbursed to eligible borrowers under the Government's Emergency Credit Line Guarantee Scheme (ECLGS).

Notwithstanding the uncertain business scenario, the Bank's SME loan book showed steady growth in fiscal 2021 on back of its strong relationship network and continued focus on improving its processes using digital platforms. The Bank's SME advances stood at ₹69,850 crores as at 31 March, 2021 and constituted 11% of the Bank's total advances as on 31 March, 2021. In spite of slowdown in first half of year, the fee from CBG segment witnessed a growth of 9% YOY thus strengthening the overall profitability. The asset quality in the CBG segment has remained stable with strong focus on sourcing high rated customers. Continuous monitoring of exposure and usage of various Early Warning Systems to take corrective action wherever necessary, remain an integral part of Bank's overall portfolio management and risk mitigation.

While the business has started coming back to normal, the second wave of COVID-19 may cause fresh challenges with MSMEs being hit the most. While the more accommodative fiscal stance of the Government and initiatives like ECLGS extension will support the sector, the loan book will be continuously monitored closely to ensure that any support required at portfolio level is made available at the right time to ensure that the portfolio is risk free and healthy.

Wholesale Banking Products

The Bank has strengthened its position as a transaction bank led by its focus on providing holistic product offerings to its clients across corporate, commercial banking, financial institutions and government segment. During the year, the Bank re-aligned its product team structure, initiated the process of revamping its service architecture and continued to drive the digital penetration across its product offerings in order to step up revenue growth and profitability while delivering best in class customer service.

The Bank continues to focus on increasing the share of transaction banking or flow-based businesses that include current accounts, collection & payments solutions, trade services and forex remittances. The key financial deliverables of the business are current account float balances and fee income. Despite the impact of pandemic, the Bank delivered 15% growth in average current account balances and 9% growth in transaction banking fee income led by its focus on cross selling products. The Bank also increased its market share and positioning across various solutions. The Bank's market share in GST payments increased by over 100 bps to 9%. The Bank also continues to be ranked no. 1 in terms of new biller additions in Bharat Bill Payments Services (BBPS).

Current Account

The Bank's focus on deepening relationships and engaging with corporates on multitude of payments and collections solutions helped the current account balances to grow 26% during the year. Further, digitization of products and offerings helped in driving productivity and efficiencies along with better customer experience. During the year, the Bank enabled acceptance of digitally signed documents for over 40+ Current Account related processes reducing the burden on corporates. The Bank also developed and launched a smart application, a first of its kind in the industry for opening Current Accounts for partnerships and companies that can be run on bring-your-own-device (BYOD) environment, thereby reducing the account opening TAT and providing instant allocation of account number to clients.

To strengthen the on-boarding journey, the Bank launched the Full Power Digital Current Account for the Individual customers to open Current Accounts seamlessly on the Axis Bank's website as well as on partners' platforms. The Bank was also empanelled with the MCA (Ministry of Corporate Affairs), so that the entities while applying for company incorporation on the MCA website, can also opt for opening of their first Current Account with the Bank during the incorporation process itself.

Continuing with our endeavour to make the current account opening process simpler, faster and attuned to the changing needs of customers in today's prevalent pandemic situation we have also introduced SMART PDF for Account opening form and Signatory change form which enables customers to fill out and submit forms digitally in a seamless way. Artificial Intelligence (AI)/Robotic Process Automation (RPA tool) was also launched for extraction of the information mentioned in the Board Resolution in the format which can be easily understood by the branch resources and Relationship Manager/s to process the on-boarding and signature changes effortlessly.

Cash Management Solutions

The Bank provides comprehensive and customizable cash management solutions that enable faster fund movement. During the year, the Bank introduced several new features on the Corporate Internet Banking platform, like bulk approval of GST transactions, the self-service option for customers to create, manage and swap their users online, etc thereby reducing the dependency on physical staff for processing manual paper-based requests. Also, as a part of initiatives post COVID-19, Bank facilitated paperless on boarding of customers by accepting digitally signed documents from authorized signatories. Digital experience, activating and enabling of RTGS and NEFT 24*7 on corporate internet banking (CIB) for all clients. We have gone live with simplified CMS implementation form across all products. In addition, UPI sub-membership was also launched which enabled non-member banks to process UPI transactions for their customers; along with open APIs facilitating single & bulk payments, payee management, accounts reconciliation and other value-added services like automation of GST invoices, IFSC validation, fetching CC/OD limits, etc.

The Bank in collaboration with Invoicemart launched an industry first offering "OneConnect", an integrated payment & bill discounting solution. This solution has been awarded "Best Banking innovation of the year" by Finnovite and "Best Banking technology" by India Digital Awards in 2020.

The Bank was the first bank to make Electronic Payment Advise (EPA) live in Public Financial Management System (PFMS). This helps the Government agencies making payments through PFMS without Digital Signatures (DSCs) to get an option for payment authorization using Internet Banking instead of visiting branch for physical authorization. On the CMS collections front, paperless on-boarding for all products was made possible. The Bank was also among the only two banks to go live for online payment of caution money by sellers registered on Govt. e-Marketplace (GeM).

Sector-focused solutions: The Bank has been focusing on providing holistic solutions for select sectors by offering digitization of value chain along with better liquidity management. With Healthcare sector being the focus this year, the Bank worked on a holistic solution to facilitate hospitals/diagnostic centres in collections across various channels and also streamline their reconciliation process. In addition, new digital initiatives like ordering solution & UPI offerings were taken up by the Bank for Dairy & FMCG sector.

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The Bank has also customized digital platforms & solutions for the Agriculture sector. The Bank has been empanelled with eNAM (National Agricultural Market), a government initiative to facilitate farmers, traders & buyers with online trading in commodities. The Bank successfully on boarded major mandates from several State procurement and supply corporations during the year.

Bharat Bill Payments Services (BBPS): The Bank also developed an in-house BBPS (Bharat Bill Payment System) engine and designed a comprehensive solution for billers and aggregators whereby they can participate in the BBPS platform. The Bank expects BBPS to position it as a leading digital player, helping in client stickiness and generate incremental revenues.

Smart City Solutions: The Bank designed a first-of-its-kind Smart City Solution that includes a prepaid smart card/wallet, a mobile app and a web portal which empowers citizens to make cashless payments, apply for services, raise grievances, etc. New smart solutions offered by the Bank during the year included temple management, hospital management & institute management.

Trade and Risk management Services

The Bank offers a complete suite of products and solutions for domestic trade as well as international trade finance, supply chain and foreign exchange business through its designated corporate banking branches and forex "B" category branches spread across the country supported by centralized operations units.

The Bank continues to enhance its digital capabilities to offer value added services to corporate clients through its integrated digital platform. The Bank was one of the first banks to facilitate presentation of trade related documents through electronic mode during the COVID-19 lockdown where physical movement of documents was restricted. The Bank also launched 'paperless' services for exporters and importers for certain types of transactions.

The Bank is one of the few private sector banks that has been on-boarded as advisory bank in Government e-Marketplace (GeM). This tie-up enables the Bank to offer automated solutions for advising electronic performance guarantees (e-PBG) to Government departments /organizations /PSUs with value added features like integrated responses and faster turnaround time.

Supply Chain Finance

Supply Chain Finance (SCF) business works in close coordination with corporates under various industry sectors. The SCF business activities that are closely related to the industry off take and macro-economic factors, have gradually recovered in second half of fiscal 2021 after the lockdown was lifted and the anchors resumed business. Asset utilization witnessed strong sequential improvement in the last quarter of fiscal 2021 and the disbursement throughput too grew on YOY basis. The Bank added 110 new corporate anchor programs in fiscal 2021.

Supply Chain Finance asset book primarily consists of products like dealer finance that constituted 78% of the book while the other products like vendor finance, factoring and payable finance formed the rest. Other products like vendor finance, payable finance and factoring witnessed strong growth in fiscal 2021 and helped to improve product mix. Continuous portfolio monitoring and timely implementation of credit decisions throughout the year has further helped us to maintain credit health of the portfolio. The Bank has also set up robust stock inspection and invoice audit process with increased frequency and actionable based process for monitoring of accounts. The Bank is closely monitor the effect of second wave of COVID-19 in this segment, and is well prepared to take required corrective steps at right time.

Correspondent Banking & Payments

Correspondent Banking maintains Nostro and Vostro relationships of banks across various geographies. The Bank enters into correspondent banking relationship to grow cross border business and offers more options to customers for inward & outward payments. The Bank offers products and services to customers such as retail / non-retail remittances, cheque clearing, trade finance, treasury payments etc. Currently, the Bank has relationships with over 1,000+ banks worldwide in more than 100 countries, thereby providing its customers a widespread global reach.

Treasury & Markets

The Bank's Treasury & Markets function comprises of Asset Liability Management (ALM), Forex Trading group (including Currency Derivatives & Bullion), Interest Rate Trading (IRT) (including Rupee Derivatives) & Primary Dealership, Non SLR Trading (including Equity), Debt Capital Markets, Treasury Sales and Loan Syndication business.

Treasury Sales team is responsible for supporting the coverage team to drive the Forex and Derivatives business of the Bank. The team provides customised risk management and hedging solutions to the customers for any trade or capital account transactions.

The Bank's ALM group manages the regulatory requirements of Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR). The group also manages the liquidity, interest rate and currency risks in the Bank's portfolio, under the guidance of the Asset Liability Committee (ALCO) of the Bank.

The Bank's Forex Trading Group is a major participant in the foreign exchange and derivatives market and undertakes proprietary trading and market making in forex and derivatives products. The IRT Trading desk plays an important role of market making and trading in G-Sec, OIS & other interest rate products. The Bank is primary dealer of Government securities. PD desk ensures mandated bidding commitments, success ratio & turnover ratio for T-bill auctions /G Sec are achieved for the year. The non SLR Trading desk undertakes primary and secondary market investments in corporate bonds, commercial papers, certificate of deposits, and equity instruments. The Bank's Corporate Bond Book as on 31 March, 2021 stood at ₹34,904 crores.

The Bank in its loan syndication business primarily focuses on sourcing, structuring and syndicating the underwritten loan mandates in rupee as well as foreign currency to various investors i.e. banks and financial institutions. The Bank continues to remain a dominant player in the Debt Capital Market (DCM) segment. For the fiscal year 2021, the Bank arranged bonds and debentures of close to ₹90,000 crore. The Bank maintained its leadership position in rupee denominated bonds, as per Bloomberg for the 14th consecutive calendar year.

Customer Experience and Transformation (CXT)

- **Customer Experience:** The Bank aspires to deliver exceptional Customer Experience (CX) and has put in place a CX measurement and actioning framework which takes regular feedback from the customers for every journey and touch-point across products. This feedback is taken by having direct customer interactions to understand issues and subsequently develop action plans to address the same; this has allowed the Bank to achieve its internal CX target for fiscal 2021.
 - This CX measurement framework now covers all relevant areas of Retail Banking (coverage increased by 65% in FY21) while establishing a baseline for all Wholesale Banking segments for the first time. The Bank intends to establish the baseline for Commercial Banking Group in the first half of fiscal 2022.
- **Transformation:** In fiscal 2021, 220+ high priority projects were launched to drive transformation across all areas of the Bank in order to improve customer experience, business growth, strengthen the core and reduce risk
 - The transformation projects remain largely on track with 85% of this program completed, and over 50% of the projects delivered and closed.
 - The role of the branches is expected to change rapidly over the next several years and hence, "Branch of the Future" program has been launched to reimagine the role of the branches in delivering exceptional customer experience. In the near term, this program will free up time of branch staff, capability building and technology enablement to create a greater focus on customer engagement.
 - As part of the Transformation exercise, Bank has been working towards adding greater focus around incorporating steps based on analysis of customer complaints and service requests.

The Bank has reported 360,342 number of customer complaints in fiscal 2021 (fiscal 2020 complaint numbers reported were 200,484). The number of Customer Complaints reported in fiscal 2021 vis-a-vis fiscal 2020 are not comparable since there has been a change methodology in tagging of complaints in fiscal 2021. In line with the bank's philosophy of being a highly customer centric organization, as also to bring greater focus in the areas where customers may be inconvenienced, larger number of "issue types" are now being tagged as "Complaints".

While there is no industry-wide consistent definition around tagging of "complaints", the revised definition adopted by the bank is useful in better regulatory governance as well as in identifying further areas for improvement in product, process, policy, people and technology with a view to provide greater "convenience" to customers and thereby reduce "customer complaints" from revised baseline.

Business Intelligence Unit

The Bank has an in-house Data Science and Artificial Intelligence (AI) team providing cutting edge solutions to various functions of the Bank. The Banks' Business Intelligence Unit (BIU) team is responsible to create data assets and monetize them with time and has numerous success stories in the area of risk management and operational optimization. The team has successfully deployed and driven adoption of predictive solutions not only in Retail but in Corporate banking area as well. There are over 400 members in the team who are young and techno-functional with an expertise in distributed computing and algorithms catering to big data, new age programming language like Python and deep learning frameworks like TensorFlow, Keras etc.

The Bank has invested in new age data science and engineering platforms – Big Data Lake and Analytical Work Bench to deliver value in traditional/non-traditional use cases and there has been upward trend in the adoption rate of these platforms. The Bank's focus on Artificial Intelligence (AI) & Machine Learning (ML) along with traditional analytics has helped to serve internal stakeholders well in making business decisions.

During the year, BIU played a crucial role in identifying revenue optimization opportunities in Retail Bank by helping the product team to launch new fee lines and rationalizing some of the existing fee lines. Deemed up-migration program (analytically identifying high potential customers in lower segments for up-migration), CRM intelligent automation (assigning SA leads to sales

Management's Discussion and Analysis

executives in a data driven approach), Financial health score (analytical score for customers to showcase their financial health basis spends, investment, credit behavior and protection needs) and District level branch KPI dashboards for deposit market share benchmarking were few other initiatives taken up on Retail deposits side.

The Bank has successfully navigated through COVID-19 using various strategies which also involved creating a centralized district level database using RAG framework and mapping all business metrics/ insights, including annual growth in existing business sales, new sales, CC limit utilization, Merchant Acquiring Business, etc. This year, the Unit also played a key role in building and executing moratorium strategy seamlessly across all lending customers. The focus was to re-purpose bank's lending & cards sourcing strategy through creation of orthogonal risk models and changing risk framework in pre-approved/ pre-qualified programs by creating stress scenarios. During the year, the Bank's data analytics team also actively worked on creating NPA provision scenarios on account of COVID-19 impact and re-modelling the framework for retail collections strategy through appropriate segmentation of current lending book.

Information Technology and Cyber Security

The Bank's Information Technology (IT) strategy remains guided by its vision of being a customer-centric organization with a robust, state of the art technology platform to achieve its growth, profitability and sustainability objectives. The Bank continues to focus on the six key imperatives that include end-to-end customer journey digitization, accelerating delivery, modernizing the core to deliver profitable growth, fix the basics to build a sustainable franchise, talent and culture, and Risk and governance.

The Bank's Information Technology (IT) department manages all banking applications through a talented central IT team having strong domain capabilities in banking, treasury, channels, payments and collections, along with technical capabilities. The IT operations are managed through a cross-functional team involving functional and technical experts.

During the year, the Bank took various technology enabled business initiatives to facilitate the Bank's journey towards driving sustainable growth and improving customer experience with the help of digital banking, leveraging the Bank's payments business capability, sustained focus on analytics, and providing self-assisted capability to customers.

Following the COVID-19 pandemic, the Bank has prioritized the initiatives across its digital channels to cope with the change in customer engagement. The Bank has already delivered products such as ASAP a/c opening, full Video KYC capability for account opening, PPF account openings, Mutual fund KYC, digital collections on its digital platforms to improve customer experience.

The Bank has been committed to providing uninterrupted service to our customers. The Bank actively encouraged large scale Work-From-Home mandate and provided all enablement necessary to support our employees to efficiently perform their duties. The Bank triggered enterprise mobility and collaborative tools like MS Teams and Intune, ramped up VPN/VDI capacity, quick provisioning and allocation of laptops across all critical employees. In order to provide employees the convenience of using their personal devices for sales and servicing activities, the Bank rolled out BYOD compatible applications across products and businesses.

With the objective of making banking simple and hassle-free for customers, the Bank has undertaken various technology driven business initiatives to deliver value through continuous technology adoption and innovation. For example, the Bank has embarked on a transformation journey that cuts across all aspects of IT function and focuses on areas like Engineering excellence - Agility and DevOps, Channel architecture - Omni-channel experience, Application & data architecture - application upgrade & advanced analytics capabilities, advancement of enterprise integration, and standardized & virtualized infrastructure. This will enable faster and more efficient delivery of tech projects, improve quality and resilience and deliver critical business and operational capabilities.

While pushing to deliver new customer facing products, the Bank has also strengthened its infrastructure to maintain high performance and availability standards expected by customers and regulators. The Bank is re-architecting its technology infrastructure to be Cloud native to allow the necessary agility, speed and flexibility for scale. The Bank has a multi-cloud set up that is supported by a strong governance to identify applications that benefit from going to cloud, right sizing exercises, and implementation of right cost controls while continuing to focus on security.

The Bank continues to re-invent and re-invest in technologies including mobility, cognitive intelligence, application programming interface (API) banking, Robotic Process Automation and Artificial Intelligence / Machine Learning to develop winning propositions for its customers. In order to drive seamless integration with partners, Bank's Open API platform has been further enhanced to onboard partners thereby generating more business and driving volumes. The Bank has scaled the adoption of robotics process automation and Artificial Intelligence/Machine Learning augmenting operational efficiency, higher accuracy and reduction in processing time while serving customers.

The Bank has also undertaken a transformation journey to make the IT team future-ready. The transformation program will build the foundation for becoming best-in-class across key areas. The transformation program focuses on achieving 4 key outcomes - a) deliver tech products faster b) enable critical capabilities c) improve resilience d) optimize expenditure across engineering excellence, channel architecture, integration, automation, infrastructure etc. The Bank has seen significant progress across the targeted outcomes as it continues to build on the initial success.

The Bank continues to pursue a holistic cyber security program with a comprehensive Cyber Security Policy and Standards based on industry best practices in compliance with regulatory guidelines. The Bank has deployed its cyber security structure and framework based on National Institute of Standards and Technology (NIST) Standard. The Bank's cyber security framework is built and operated around five fundamental areas including Identify, Protect, Detect, Respond and Recover. Bank is compliant to ISO27001 and PCIDSS standards. The Bank has a 24x7 Security Operations Centre and Cyber Security Operations System.

The Bank has deployed Cyber Security controls to protect its information assets from unauthorized access, hacking attempts, data loss and has implemented various detection and monitoring technologies, to proactively detect and respond to any cyber threats. Some of the controls are as follows:

- a) Multifactor authentication has been enabled for users connecting through Remote access.
- b) Secure and isolated environment for Remote access to critical systems were configured, to prevent sensitive data leak or unauthorized access.
- c) Advanced End-Point controls and Data Leakage Prevention (DLP) control to detect and prevent endpoints being target of cyber-attacks.
- d) Spam and Phishing emails protection have been enabled to protect against email-based cyber-attacks that were rampant during the pandemic.
- e) 24x7 security monitoring along with usage of Cyber Security Threat Intelligence to detect malicious underground activities against the Bank.
- f) In addition the above controls; Bank has also enabled Enhanced monitoring for Remote users to detect and prevent; any unauthorized and unusual remote access, User access to Bank systems from unusual geographies, Concurrent user access from difference locations, etc. and Data Leakage monitoring for Web channel, Email channel and End Points

Risk Management

The Bank continues to focus on strengthening the risk management capabilities, while leveraging on advanced analytics and frameworks, to drive risk management. Comprehensive Risk Management Framework is in place for integrated approach for managing various risks.

The risk management objective of the Bank is to balance the trade-off between risk and return and ensure that the Bank operates within the Board approved Risk Appetite Statement. An independent risk management function ensures that the risk is managed through a risk management architecture as well as through policies and processes approved by the Board of Directors encompassing independent identification, measurement and management of risks across the various businesses of the Bank.

The Bank's risk management function strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the embedded risks. The Bank continues to focus on refining and improving its risk measurement systems including automation of processes, not only to ensure compliance with regulatory requirements, but also to ensure better risk-adjusted return and optimal capital utilisation. The Board reviews the risk profile of the Bank at periodic intervals and ensures that risk levels are within the defined risk appetite.

Risk Governance

The Board is the Apex Governance body on all matters of risk management. The Board of Directors exercises its oversight over risk management both directly and through its Committees, namely

- The Committees of the Board that pertain to Risk management i.e., The Risk Management Committee, the Audit Committee of the Board, the Special Committee on Large Value Frauds and the IT Strategy Committee.
- The Executive risk committees which are constituted look at specific areas of risk and are mandated by the Risk Management Committee of the Bank i.e. Credit Risk Management Committee (CRMC), Asset Liability Management Committee (ALCO), Operational Risk Management Committee (ORMC), Information Systems Security Committee (ISSC), Central Outsourcing Committee (COC), BCP & Crisis Management Committee (BCPMC), Apex Committee and Subsidiary Management Committee (SMC).

Risk Architecture

The overall risk appetite and philosophy of the Bank is defined by its Board of Directors. The Risk Appetite framework provides guidance to the management on the desired level of risk for various types of risks in the long term and helps steer critical portfolio decisions.

Further, the Internal Capital Adequacy Assessment Process (ICAAP) of the Bank assesses all the significant risks associated with various businesses.

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The independent risk management structure within the Bank is responsible for managing the credit risk, market risk, liquidity risk, operational risk, other Pillar II risks like reputational risk and strategic risk and exercising oversight on risks associated with subsidiaries. The risk management processes are guided by well-defined policies appropriate for the various risk categories supplemented by periodic validations of the methods used and monitoring through the sub-committees of the Board.

Credit Risk

Credit risk is the risk of financial loss if a customer, borrower, issuer of securities that the Bank holds or any other counterparty fails to meet its contractual obligations. Credit risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, customer, borrower or obligor. The goal of credit risk management is to maintain asset quality and concentrations at individual exposures as well as at the portfolio level.

Internal rating forms the core of the risk management process for wholesale lending businesses with internal ratings determining the acceptability of risk, maximum exposure ceiling, sanctioning authority, pricing decisions and review frequency. For the retail portfolio including small businesses and small agriculture borrowers, the Bank uses different product-specific scorecards. Credit models used for risk estimation are assessed for their discriminatory power, calibration accuracy and stability independently by a validation team.

Both credit and market risk expertise are combined to manage risks arising out of traded credit products such as bonds and market related off-balance sheet transactions.

Risk department carried out a Stress testing exercise on the entire portfolio to assess incremental stress that was observed in the current scenario, using over 1,000 variables, internal as well as external data points, over 125 combinations. The scenarios were simulated on 1 in 7 years, 1 in 25 years and 1 in 60-year event with multiple variables. The three scenarios were based on likely peak of the pandemic, lockdown opening in a staggered manner, returned to civic life, revival of business and return to economic activity at various time periods for each of the scenarios. These scenarios were used to create three impact scenarios; base, moderate and severe stress scenarios.

The Bank's overall credit governance structure and processes have been strengthened during the year to ensure credit quality on an ongoing basis. Further during the last one year, the Bank reviewed its credit portfolio and identified specific sectors where risk exists and reduction would be sought as also origination would not be encouraged except for high quality borrowers. These sectors were reviewed regularly as the policy responses were introduced by the Government for eg. restructuring, ECLGS etc.

Market Risk

Market risk is the risk of losses in 'on and off-balance sheet' positions arising from the movements in market price as well as the volatilities of those changes, which may impact the Bank's earnings and capital. The risk may pertain to interest rate related instruments (interest rate risk), equities (equity price risk) and foreign exchange rate risk (currency risk). Market risk for the Bank emanates from its trading and investment activities, which are undertaken both for the customers and on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its banking book as well as its trading book for both its domestic and overseas operations. The market risk management framework of the Bank covers inputs regarding the extent of market risk exposures, the performance of portfolios vis-à-vis the market risk limits and comparable benchmarks which provide guidance to the business in optimizing the risk-adjusted rate of return of the Bank's trading and investment portfolio.

Market risk management is guided by clearly laid down policies, guidelines, processes and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits set in accordance with the risk appetite of the Bank. Treasury Mid-Office independently monitors the Bank's investment and trading portfolio in terms of risk limits stipulated in the Market Risk Management Policy and board approved Market Risk Appetite and reports deviations, if any, to the appropriate authorities as laid down in the policy and in the Risk Appetite Statement. The Bank utilises both statistical as well as non-statistical measures for the market risk management of its trading and investment portfolios. The statistical measures include Value at Risk (VaR), stress tests, back tests and scenario analysis while position limits, marked-to-market (MTM), stop-loss limits, trigger limits, gaps and sensitivities (duration, PVBP, option greeks) are used as non-statistical measures of market risk management.

The Bank follows a historical simulation approach to calculate Value at Risk (VaR) with a 99% confidence level for a one-day holding period in a time horizon of 250 days. VaR models for different portfolios are back tested on an ongoing basis and the results are used to maintain and improve the efficacy of the model. VaR measurements are supplemented with a series of stress tests and sensitivity analyses as per a well laid out stress testing framework.

Liquidity Risk

Liquidity is a bank's capacity to fund increase in assets and meet both expected and unexpected cash and collateral obligations at a reasonable cost and without incurring unacceptable losses. Liquidity risk is the inability of a bank to meet such obligations as they become due, without adversely affecting the bank's financial condition.

The Asset Liability Management (ALM) Policy of the Bank stipulates a broad framework for liquidity risk management to ensure that the Bank is in a position to meet its liquidity obligations as well as to withstand a period of liquidity stress from bank-level factors, market-wide factors or a combination of both. The ALM policy captures the liquidity risk appetite of the Bank and related governance structures as defined in the Risk Appetite Statement. The ALM policy is supplemented by other liquidity policies relating to intraday liquidity, stress testing, contingency funding plan and liquidity policies for each of the overseas branches.

The liquidity profile of the Bank is monitored 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 conduct of liquidity stress tests periodically. Periodical liquidity positions and liquidity stress results are reviewed by the Bank's ALCO and the Risk Management Committee of the Board.

The Bank has integrated into its asset liability management framework the liquidity risk management guidelines issued by RBI pursuant to the Basel III framework on liquidity standards. These include the intraday liquidity management and the Liquidity Coverage Ratio (LCR). The Bank maintains LCR /NSFR in accordance with the RBI guidelines and the defined risk appetite of the Bank.

Operational Risk

Operational risks may emanate from inadequate and/or missing controls in internal processes, people and systems or from external events or a combination of all the four. The Bank has in place an Operational Risk Management (ORM) Policy to manage the operational risk in an effective, efficient and proactive manner. The policy aims at assessing and measuring the magnitude of risks, monitoring and mitigating them through a well-defined framework and governance structure.

The RMC at the Apex level is the policy making body and is supported by the Operational Risk Management Committee (ORMC), responsible for the implementation of the Operational Risk framework of the Bank and the management of operational risks across Bank.

All new products and processes, as well as changes in existing products and processes are subjected to risk evaluation by the Operational Risk team. The overall responsibility of new products is vested with the Risk Department through the Bank's Product Management Committee and Change Management Committee. Outsourcing arrangements are examined and approved by the Bank's Outsourcing Committee after due recommendations from the Operational Risk team. The Information System Security Committee of the Bank provides directions for mitigating operational risk in the information systems. The Bank has set up a comprehensive Operational Risk Measurement System for documenting, assessing, and periodic monitoring of various risks and controls linked to various processes across all business lines. Over the year, the Bank has focused on strengthening the operational and information security risk frameworks by implementing several initiatives.

Business Continuity Plan

The Business Continuity Planning Management Committee (BCPMC) exercises oversight on the implementation of the approved Business Continuity Plan (BCP) framework which has been put in place to ensure continuity of service to its large customer base. The effectiveness of the approved Business Continuity Plan (BCP) framework is tested for all identified critical internal activities to ensure readiness to meet various contingency scenarios. The learning from the BCP exercises are used as inputs to further refine the framework. With effective Business Continuity Plan in place, the Bank has effectively managed to run its operations by adapting to various continuity / mitigation plans.

Information and Cyber Security Risks

The Bank pursues a holistic Information and cyber security program with a comprehensive Information Security policy, Cyber Security policy and standards based on industry best practices with compliance to regulatory guidelines. These policies are aligned with the regulatory directives on Information and Cyber security and with global best practices like NIST, ISO27001:2013, PCI DSS etc.

The governance framework is in place at executive level with Information System Security Committee constituting key business functions meeting at least once in a quarter to assess the threat landscape and validate the controls enforced in the Bank commensurate with the cyber risks.

The Bank has invested in strong technical and administrative controls to proactively prevent, detect and contain and respond any suspicious activity. Bank is compliant to ISO27001 standard and PCI DSS standard. The Bank conducts various assessment to identify and remediate risks before any application and/or IT infrastructure component is deployed. These assessments include Application security, vulnerability assessment, penetration testing, security architecture review data security assessment etc. Bank also has adopted defense in depth methodology to protect its crown jewels from intrusion by malicious actors. The Bank has 24 x 7 Security Operation Center (SOC) to keep vigil on its digital assets and coordinates with RBI, CERT-IN, NCIIPC, NPCI etc. for implementation of their recommendation to strengthen its defense against cyber attacks.

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Risk framework in managing COVID-19 pandemic

The fiscal year 2021 witnessed countries across the globe battling an unprecedented crisis in the form of COVID-19 pandemic, with the disruption in every sphere including financial sector. To handle the pandemic, the Bank geared up by strengthening the process, controls with continued focus on customer centricity.

The Bank set up a Centralised Emergency Response Framework, focusing across multiple facets – protecting life, ensuring business continuity, protecting operations, maintaining liquidity and protecting capital. The Centralised Emergency Response Team was empowered to make decisions, communicate responses and action plans across the Axis Group. This team continues to monitor health and continuity during the resurgent second wave. Further, the Bank embarked on a set of medium and near term projects to recalibrate the risk response - these include operational risk, cyber security stack, stress testing, credit risk model reviews, identifying sectors for de-risking, reviewing the unsecured lending portfolio etc.

Work from home was initiated by the Bank even prior to the lockdown. The Bank has issued regular health advisory during lockdown and post lockdown period, monitoring of staff health, maintaining social distancing, sanitisation and other safety measures were undertaken. In the context of the second wave, the Bank continues to respond using a flexible approach to staff working from the places of business, and is calibrating the staff attendance in its places of business keeping in mind evolving situation.

IT infrastructure was scaled up to support Continuity of Operations, ensured uptime in branches and ATM, phase wise reopening of large offices. Continuous monitoring of Business Continuity Plan during introducing learnings to enhance the plan is a going process of excellence.

The Bank introduced additional control measures to mitigate likely risks associated with market volatility during COVID-19 period through additional monitoring of portfolios/positions in relation to trigger limits. Enhanced controls were introduced to ensure treasury dealings in off-site mode in work-from-home scenario.

The Bank also introduced necessary process changes introduced without diluting controls for COVID-19 specific operations. Enhanced controls around dealer conduct and market volatility ensured seamless Treasury operations through the Pandemic period. Information security related controls were enhanced with respect to remote working to continue monitoring of the perimeter to prevent threats.

In terms of liquidity risk, the Bank has been monitoring the liquidity position and liability mix closely; and comfortable liquidity positions have been maintained. On the credit risk side, the Bank has put in place appropriate risk mitigation measures to ensure origination in a risk – sensitive manner backed by close monitoring and proactive collection. The Bank has also put in place policies to implement the various directives of the RBI with respect to policy response to COVID-19.

Subsidiary Governance

The oversight of Subsidiaries is an essential element for the implementation of well aligned corporate governance principles across group entities and is an integral feature of a well-managed business, capable of creating value through enhanced reputation and investor confidence. Towards this objective, the Bank has implemented an integrated subsidiaries governance framework through the Subsidiaries Management Committee to align governance practices at Axis Group level which is overseen by the Board and Board level committees. The governance framework encompasses group level alignment of key functions such as risk, compliance, audit, human resources, finance, information technology, cyber security, legal, corporate communication, marketing and secretarial practices to achieve group level synergy while optimally leveraging business opportunities. The framework is supplemented by a set of governance policies for operationalization and a monitoring mechanism under the Board approved framework.

Compliance

Compliance Risk is considered as one of the most significant concerns in the banking sector. The compliance starts from the top with the Board and Management playing an active role in driving a robust risk and compliance culture in the Bank. The Bank's Compliance department assists the Board and Management in managing the compliance risk. It also identifies, evaluates and addresses the legal and reputational risks in the Bank. The Bank's Compliance department ensures that overall business of the Bank is conducted in strict adherence to the guidelines issued by Reserve Bank of India and other regulators, various statutory provisions, standards and codes prescribed by BCSBI, FEDAI, FIMMDA, etc. by evaluating the products / processes, guiding business departments on the various regulatory guidelines with a special emphasis on better understanding of the perspective / spirit of the guidelines and regulations, regular assessment of overall compliance status in the Bank. It closely works with Operational Risk and Internal Audit functions and monitors various activities of the Bank with emphasis on active regulatory risk management. The non-compliances, if any are being appropriately remediated through root cause analysis. The Compliance department has an oversight over Bank's subsidiaries to ensure the adherence to applicable laws and regulations. The Bank has a robust Compliance Policy and Group Compliance Policy to manage the compliance risk in the Bank and its subsidiaries. The Bank also has a robust Anti Money Laundering (AML) policy / framework and tools to manage the AML risk.

Apart from being the focal point of contact with the regulators, the Compliance Department periodically appraises the Bank's management as well as the Board of Directors / Audit Committee of the Board on the changes in regulatory environment and status of compliance in the Bank. The Audit Committee of the Board monitors and assess the performance of the Compliance Department periodically. The Board and the Bank's Top Management aims to maintain the highest standard of compliance within the Bank and its group.

Internal Audit

The Bank's Internal Audit function provides an independent view to its Board of Directors and Senior Management on the quality and efficacy of the internal controls, risk management systems, governance systems and processes in place on an on-going basis. This is provided to primarily ensure that the business and support functions are in compliance with both internal and regulatory guidelines. In line with the RBI's guidelines on Risk Based Internal Audit (RBIA), the Bank has adopted a robust internal audit policy. The Risk Based Internal Audit has been designed after factoring regulatory guidelines and also international best practices. The policy has a well-defined architecture for conducting Risk Based Internal Audit across all audit entities. The audit policy articulates the audit strategy in terms of a concerted focus on strategic and emerging business risks. These inputs form a key step in the identification of the audit universe for the audit planning exercise. The audit frequencies are in sync with the risk profile of each unit to be audited. This is in alignment with guidelines relating to Risk Based Internal Audit (RBIA). The scope of RBIA includes examining the adequacy and effectiveness of internal control systems, external compliances and also evaluating the risk residing at the audit entities. Further to augment the internal audit function, concurrent audit, off-site audit and thematic audit reviews have been integrated into the internal audit process in order to make the function more robust. Keeping pace with digitalisation in the Bank, the Internal Audit function has also initiated technological initiatives for providing enhanced efficiency and effectiveness through system driven and analytics-based audits.

The Internal Audit function of the Bank operates independently under the supervision of the Audit Committee of the Board, that reviews the efficacy of the internal audit function, effectiveness of the internal controls laid down by the Bank and compliance with internal and regulatory guidelines.

Corporate Social Responsibility (CSR) & Sustainability

CSR

The Bank has over the years played an active role in building a sustainable Indian economy and a resilient society. The Bank's CSR initiatives aim to bring about a meaningful socio-economic impact in the lives of the deprived and vulnerable communities, across the country. Guided by the CSR Committee of the Board and in line with its CSR Policy, the activities cover a gamut of themes such as poverty alleviation, sustainable livelihood generation, education, skill building and environmental sustainability.

The fiscal year 2021 was an extremely challenging one with the pandemic induced nation-wide lockdown and other restrictions bringing society to a grinding halt and throwing businesses out of gear. Further India's civil and healthcare infrastructure witnessed unprecedented burden of battling a pandemic whose complete cure is yet to be found. As an essential service provider, the Bank provided uninterrupted banking services to customers while ensuring a physically safe banking environment for both the customers and its employees. The Bank also responded immediately to reach out to the frontline workers such as police personnel, medical fraternity, municipal corporations, district authorities and other government entities and hospitals across the country to support their efforts in fighting the pandemic.

The Bank's CSR arm viz. Axis Bank Foundation (ABF) also worked closely with its implementation partners across rural India to support the most vulnerable and impacted sections of the community. For migrant workers who returned home, counselling and isolation facilities were provided while the larger community was supported to adhere to various government guidelines and be able to access healthcare facilities more easily.

ABF that was established in 2006 to give strategic direction to the CSR aspirations of the Bank, has over the years evolved its approach to meet the contemporary needs of society. Since 2012, the Foundation's activities are aligned to a thematic focus of Sustainable Livelihoods, delivered under the two pillars of Rural Livelihoods and Skill Development. After having successfully achieved its first mission of creating 1 million sustainable livelihoods in fiscal 2018, the Foundation is currently pursuing its ambitious 'Mission 2 Million' commitment of supporting 2 million households in India by March 2025 under Sustainable Livelihoods. Under this mission, ABF's initiatives impacted 0.92 million participants across 198 districts in 25 states and union territories as on 31 March, 2021.

The Bank has been running its financial literacy programme in over 20 states and Union Territories in India under 'Axis Sahyog', its microfinance vertical. The Programme has so far reached out to lakhs of women, primarily in rural India, introducing them to the concepts and importance of savings, insurance and personal finance. During the year, the programme introduced an additional module, 'Sachetana', aimed at imparting COVID-19 related precautions and guidance to over 0.99 million participants. Project Akshar, the Bank's interactive, online digital financial literacy initiative that was launched in 2017, continued to expand during the year, helping lakhs of participants improve their financial and credit awareness.

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During the year, the Bank launched a scholarship programme for women from economically weaker backgrounds to pursue an undergraduate degree in STEM (Science, Technology, Engineering, Maths) disciplines at Ashoka University, Haryana.

Additional details on the Bank's CSR governance, interventions and impact for the reporting year have been provided in the Annual Report on CSR Activities as a part of this Annual Report. Additional information is also available on the Bank's corporate website at <https://www.axisbank.com/csr> and on the Foundation's website at <http://www.axisbankfoundation.org/>.

Sustainability

The Bank remains cognizant of the criticality of adopting the principles of ESG (Environmental, Social and Governance) into its business strategy and conduct; and is working towards strengthening the pillars to build a future-proof and high-impact ESG strategy.

During the year, the Bank formed an ESG Steering Committee chaired by its Executive Director (Corporate Centre) and comprising of senior officials, with the mandate to guide and support the Board and business divisions of the Bank, in matters of sustainability. The Charter of the CSR Committee has been amended to facilitate review of the initiatives taken by the Bank from a sustainability perspective.

During the year, the Bank actively participated in a number of global ESG assessment platforms and was also independently assessed on its ESG performance. Notably, the Bank continues to be on the prestigious FTSE4Good Index for the fourth consecutive year. The Bank improved its performance at the Dow Jones Sustainability Indices, moving to the 70th percentile globally and improved its ratings on the CDP, a leading global climate performance assessment platform from 'C' to 'B'. In addition, the Bank's ESG rating by MSCI ESG Research was upgraded from 'BBB' to 'A'. During the year, the Bank released its sixth sustainability report, 'Axis of Trust', an externally assured report conforming to the GRI Standards and Integrated Reporting frameworks. During the year, the Bank also made efforts to contribute to the national conversation on ESG-related themes as part of various industry groups/forums.

The Bank remains aligned to the global sustainable development agenda and continues to work towards aligning its strategies to the Sustainable Development Goals and the Paris Agreement on Climate Change. The Bank has a robust lending portfolio aligned to low carbon sectors such as renewable energy generation, mass rapid transportation and low carbon infrastructure. The Bank has in place the Sustainable Lending Policy and Procedures (SLPP) that integrates environmental and social risk assessment into its lending decisions. The Bank has also committed to scaling up its climate risk management-related policies and processes and has initiated substantive steps in this direction.

The Bank continues to make efforts towards improving resource consumption efficiency and overall ecological footprint of its business operations. The Bank has ongoing initiatives focusing on scaling renewable energy consumption, driving energy efficiency and improving resource and waste management. As on March 31, 2021, the Bank had 7.05 MW in cumulative captive solar installations. Under its partnership with EESL, the Bank has undertaken replacement of CFL lighting to LED lighting at branches, covering approximately 1,100 branches as on 31 March, 2021, with close to 55,000 fittings. Centralized Energy Management System (CEMS), the Bank's cloud-based energy management program covered 1,493 branches as 31 March, 2021. The Bank has committed to adopting green principles for its upcoming branches in Metro and Urban locations and is actively pursuing green certifications for select offices and branches. The Bank's various Digital banking initiatives have also helped the Bank lower its natural resource requirements while delivering improved operational efficiencies for the Bank and better experience for its customers.

Human Resources

Employees remain the most critical drivers for the Bank's growth and success. The Bank continues to focus on attracting and managing best in class talent to deliver on its goals of Growth, Profitability and Sustainability.

During the year, the Bank's people strategy continued to emphasize on building capabilities and capacity, enhancing the employee skills, promoting diversity and inclusion while ensuring safety and health of its employees.

Health, Safety and Well being

During the year, the Bank proved its resilience with its over 78,300 employees coming together as One Axis to serve the customers 'Dil Se' in the face of COVID-19 crisis. The Bank proactively implemented business continuity measures and initiated 'work from home' mandate for its employees well before the lockdown was announced. The Bank took conscious and sustained efforts to reach out to all its employees towards maintaining organizational health and employee confidence during the tough times. Health benefits and assistance was extended to affected employees.

During the tough times, the Bank was among the few in the industry that completed its annual appraisal process on time in April. The variable pay was rolled out to all the employees in roles upto mid-management during the regular cycle in April. The variable pay for senior leaders was extended in October 2020 along with annual increments across the Bank.

Building Capabilities and Capacity

The Bank's key talent acquisition processes remained on track during the lockdown. All offers made were honoured and on-boarded virtually. The Bank further increased its hiring activity in second half of the year to support its business growth. During the year, there was greater focus on hiring for specialized skills – IT, Digital Banking, and Customer Experience roles. The Bank maintained a continued focus on hiring from multiple diverse sources – to ensure prudent mix of fresh and experienced candidates. The Bank's internal job platform – Catalyst also provides mobility for employees seeking different and more challenging roles internally.

The Bank continues to engage in hiring and nurturing the young talent from select premier institutes in the country, in the fields of Management, Chartered Accountancy, Engineering and Design. Campus programs like Axis Bank Young Bankers (ABYB) Program, Axis Ahead, ABLe play key role in creating a healthy pipeline of functional experts and future leaders for the Axis Group by equipping graduates with necessary banking knowledge and skills. The Bank also has specialized programs to acquire engineering talent to drive Bank's various technology & analytics initiatives. The Bank recruits Chartered Accountants for specialist roles in departments like Risk, Internal Audit, Finance & Accounts and Commercial Banking.

The Bank also continued investing in academic partnerships to proactively create a sustainable pool of professionals trained for Bank's requirements. During the year, the Bank launched 'School of Fintech' – the first ever job assured online program in Fintech space in India, where in the candidates will be trained in niche skills and will be placed in Bank's IT department post training. A Priority Banking Relationship Manager program was launched in November 2020 – with the aim to provide customized trainings based on Bank's products and services.

Values Realization as the Cultural Bedrock

The Bank continued to build on extensive work done across the organization to define and create common understanding of the Bank's core values namely Customer Centricity, Ethics, Transparency, Team Work and Ownership through the Axis Values Realization initiative. During the year, the Bank designed 'Values scorecard' for measurement and monitoring the adoption of values across the organization. The annual employee survey was aligned to values and responses assimilated into the aforementioned scorecard. The survey results along with key findings were cascaded to all employees through Axis Values Realizer network of 1000+ employees who conducted storytelling sessions and conversations around values. The Bank's annual recognition program also celebrates those who have exemplified the Bank's core values and made an impact noteworthy of recognition.

Learning as a performance differentiator and career builder

The Bank has moved from episodic learning interventions to integrated journeys with certification milestones. This is aimed at delivering distinctive customer experience through differentiated employee capability. As part of the journeys, a total of over 74,000+ employees were covered clocking 2.1 million hours of training through virtual classroom sessions. This included multiple programs such as – 'Go Beyond' a training program focused on both behavioral aspects and domain expertise; and 'Redefine' a first of its kind tie-up with Coursera which ensures that Bank provides its top talent access to world class faculty and best in class content from the top universities in the world. The Bank's 'Axis Academies' program provides an opportunity for all staff members to familiarize themselves with the basics of credit, risk, trade & forex and business analytics, as well as enabling staff currently in these roles to gain in-depth domain knowledge, thus democratizing the learning process. The employees were also made to undertake the annual online assessment through 'Axis Competency Profiler (ACP)', an assessment engine focused on building functional competencies specific to every role. The assessment is directly linked with promotions and role transitions.

Promoting Diversity, Equity & Inclusion

The Bank encourages a culture of diversity, equity and inclusion promoting gender balance and respecting the contribution of all employees across gender, age, race, differential ability and sexual orientation. As on March 31, 2021, 23% of the workforce were women employees. Women employees are spread across all levels of hierarchy, as well as geography. The overall diversity in frontline roles has also increased from 12% in fiscal 2020 to 14% in fiscal 2021.

'We Lead' is Axis Bank's flagship leadership program for hiring women from the country's top ranked business schools like IIM Ahmedabad, IIM Bangalore, IIM Lucknow, ISB and XLRI. With an objective of increasing diversity at the mid-senior level, the Bank recruited 23 women for the 'We Lead' program in fiscal 2021.

Reshaping Operating Models -Future of Work

The Bank has launched a strategic project on the 'Future of Work' towards transforming the Bank's operating model and gaining the ability to attract and retain best in class talent. During the year, the Bank launched 'GIG-A-Opportunities' project in August 2020 to recruit specialists on short term contracts and candidates outside of the firm's base corporate location in full time virtual positions. The pilot received overwhelming response with over 60,000 applications received for the 50 pilot roles that prompted the Bank to expand the project with 83 positions filled during the year. Under the theme of reshaped work and the workplace, the Bank launched and successfully implemented a hybrid work model in large offices with select team members in senior and middle management attending offices two days in a week while working remotely for the rest of the week. A program has also been

Management's Discussion and Analysis

launched for existing employees to work from anywhere. Under this program, a risk and productivity linked framework has been used to identify roles that can be permanently virtual. In the next 12-18 months the Bank envisions that 30% of non-customer facing roles will be in alternate formats including hybrid work, work from anywhere and skilled contractor models.

Subsidiary Performance

The Bank's subsidiaries remain central to the principle of 'One Axis' and have an important role to play in the Bank's strategy formulated around the three vectors - Growth, Profitability and Sustainability. In a short span of time, the Bank has established subsidiaries covering a significant gamut of the financial services space, with some of them being leaders in their segments. Axis Capital remains in leadership position in the ECM segment. Axis Mutual Fund maintained its position as the fastest growing AMC amongst the Top 10 players and is now the seventh largest player with over 6.1% share in the industry AUM, Axis Finance has grown its AUM at a 27% CAGR in last 5 years while delivering healthy returns.

The Bank continues to focus on further scaling up the subsidiaries so that they attain meaningful size and market share in their respective businesses. During fiscal 2021, the Bank's subsidiaries delivered strong performance with reported total income of ₹2,720 crores and earnings of ₹694 crores up 70% year on year.

Axis Capital, the Bank's investment banking and institutional equities franchise has been the leader in equity and equity linked deals over the last decade and had another great year with highest number of transactions (60 transactions across IPO, QIP, Rights, OFS and buybacks). Axis Capital's earning increased by 66% and contributed 24% to the total earnings of the subsidiaries.

Axis AMC and Axis Securities continued to contribute towards the Bank's Retail Franchise building strategy and strengthen the bond with its customers.

Axis AMC, that had 8 million client folios as at end of 31 March, 2021 reported strong growth in net profits by 100%. The company manages 50 mutual fund schemes with a closing AUM of ₹1,90,841 crores as compared to closing AUM of ₹1,15,936 crores as on 31 March, 2020. The company improved its market share to 6.1% as on 31 March, 2021 and was ranked 7th amongst the mutual fund Industry in India. Axis AMC's earnings grew by 100% to ₹242 crores and contributed 35% to the total earnings of the subsidiaries.

Axis Securities, a brokerage arm of group, acquired trading accounts of Karvy Stock Broking during the year to become the third largest player based on customer base. The retail brokerage firm reported 60% growth in cumulative client base to 3.63 million. Axis Securities' earnings grew 10 times as compared to previous period, and contributed 24% to total subsidiaries' earnings. The subsidiary achieved a trading volume of ₹36,16,770 crores thereby registering a growth of 14% in fiscal 2021.

Axis Finance Limited, the Bank's NBFC has been diversifying its loan book mix and has made significant investments to grow its retail team with the objective of becoming a consumer focused lending company. Axis Finance's earning increased by 9% YoY and contributed 30% to total subsidiaries' earnings. Axis Finance remains well capitalized with Capital Adequacy Ratio of 20.4%. Its asset quality metrics remain stable with net NPA at 2% as of 31 March, 2021.

Freecharge, one of the India's leading digital payment companies has a current user base of 84.7 million, GMV of ₹3,106 crores and 70.4 million transactions. It continued to make progress in its payments led financials services journey during the year. The Bank leveraged the platform to introduce financial services products including digital SA, digital CA, digital fixed deposits, MFs, credit cards and two wheeler loans focused towards millennials and small and medium businesses.

A.TReDs Limited, the Bank's subsidiary that was set up in partnership with M-Junction, was one of the three entities allowed by RBI to set up the Trade Receivables Discounting System (TReDS), an electronic platform for facilitating cash flows for MSMEs. The Bank's digital invoice discounting platform 'Invoicemart' for MSMEs became the 1st TReDS platform to reach ₹10,000 crore worth of MSME Invoice discounting and has market share of over 36% among all TReDS platforms. It currently has over 9,200 participants on the platform has clocked ₹12,465 crores in financed throughput by e-discounting nearly 6.6 lakh invoices since start of its operation from July 2017.

Safe Harbor

Except for the historical information contained herein, statements in this Annual Report which contain words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "strategy", "philosophy", "project", "should", "will pursue" and similar expressions or variations of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion, the adequacy of our allowance for credit losses, our provisioning policies, technological changes, investment income, cash flow projections, our exposure to market risks as well as other risks. Axis Bank Limited undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

INDEPENDENT AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To The Members of Axis Bank Limited

1. This Certificate is issued in accordance with the terms of our engagement letter dated June 15, 2020.
2. We have examined the compliance of conditions of Corporate Governance by Axis Bank Limited ("the Bank"), for the year ended on March 31, 2021, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Management's Responsibility

3. The Management is responsible for ensuring that the Bank complies with the conditions of Corporate Governance. This responsibility also includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.
5. We have examined the books of account and other relevant records and documents maintained by the Bank for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Bank.
6. We conducted our examination in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this Certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

Opinion

8. Based on our examination, as above, and to the best of the information and explanations given to us and representations provided by the Management, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2021.
9. We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

Restriction on Use

10. The Certificate is addressed and provided to the Members of the Bank solely for the purpose to enable the Bank to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this certificate for any event or circumstances occurring after the date of this Certificate.

For Haribhakti & Co. LLP

Chartered Accountants
ICAI Firm Registration No.103523W / W100048

Purushottam Nyati

Partner
Membership No. 118970
UDIN No: 21118970AAAADR8080

Mumbai
April 28, 2021

Corporate Governance

(Part of the Directors' Report for the year ended 31 March, 2021)

(1) Philosophy on Code of Governance

Your Bank's policy on Corporate Governance has been:

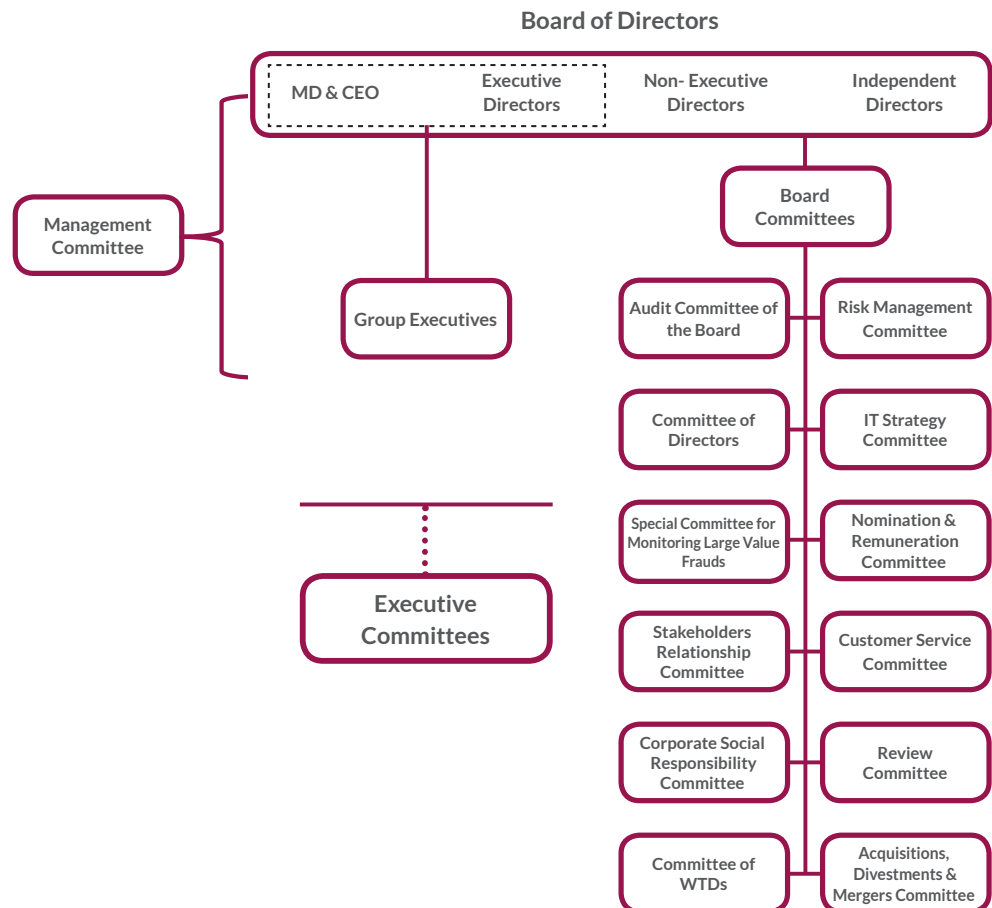
- I. To enhance the long-term interest of its shareholders, provide good management, adopt prudent risk management techniques and comply with the required standards of capital adequacy, thereby safeguarding the interest of its stakeholders such as shareholders, depositors, creditors, customers, suppliers and employees.
- II. To institutionalize accountability, transparency and equality of treatment for all its stakeholders, as central tenets of good corporate governance and to articulate this approach in its day-to-day functioning and in dealing with all its stakeholders.

(2) Governance Structure of the Bank

The Bank has a governance structure to enhance shareholders' value and protect the interest of its stakeholders with a sharp focus on improving the corporate performance, through transparency, meritocracy and accountability.

The Board of Directors of the Bank (the Board) is the primary direct stakeholder influencing standards of corporate governance at the Bank. The Directors of the Bank are appointed by the Shareholders and they represent the interest of the Shareholders of the Bank. The Managing Director & CEO reports to the Board of the Bank and is entrusted with substantial powers to manage the affairs of the Bank. The Executive Directors report directly to the Managing Director & CEO of the Bank. They are responsible for the specific functions as assigned to them by the Board, from time to time. The Board has constituted various

Board Committees and delegates specific matters for a more focused review. The Bank has constituted / empowered Executive Committees to inter alia deal with routine, operational, administrative matters and to review various matters before its submission to the Board / Committees. For diagrammatic representation of the Governance structure of the Bank



(3) Board of Directors

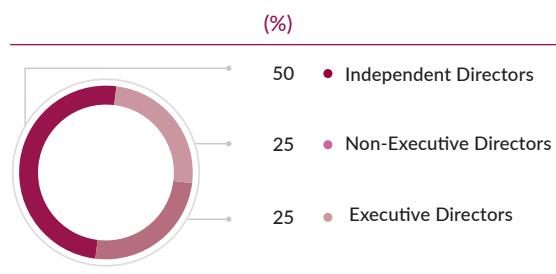
I. Size and Composition of the Board

The composition of the Board is governed under the relevant provisions of the Companies Act, 2013 read with the relevant rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the SEBI Listing Regulations), the Banking Regulation Act, 1949, the guidelines issued by the Reserve Bank of India (RBI), as amended, from time to time and the Articles of Association of the Bank.

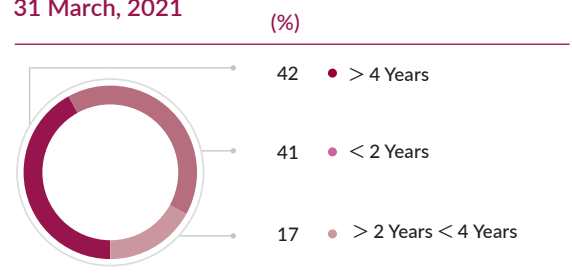
The Board has an optimum combination of Executive and Non-Executive Directors with Independent Directors constituting more than one-third of its total strength. The Board has 12 Directors, comprising of 6 Independent Directors, 1 Managing Director & CEO, 2 Executive Directors and 3 Nominee Directors.

The Board is led by Non-Executive (Part-Time) Chairperson, who is an Independent Director. The Board comprises of nominees of the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI), Life Insurance Corporation of India (LIC), Promoters of the Bank and BC Asia Investments VII Limited, Integral Investments South Asia IV and BC Asia Investments III Limited (being entities affiliated to BAIN Capital, a Global Private Equity firm). The Board also has 3 Women Directors, 2 of them are Independent Directors and 1 Woman Director is the Nominee of SUUTI, Promoter of the Bank.

Composition



Duration for which Directors are on the Board as on 31 March, 2021



None of the Directors or their relatives are related to each other. All the Independent Directors of the Bank have submitted the requisite declarations stating that they meet the criteria prescribed for independence under the provisions of Section 149 (6) of the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations, which were placed before the Board. The Board has confirmed and taken on record the declaration of Independence provided by the Independent Directors, after undertaking due assessment of the veracity of the same. In the opinion of the Board, all the Independent Directors fulfil the conditions specified under the said norms and are independent of the Management.

In terms of the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 read with the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, all the Independent Directors of the Bank have enrolled their names in the online databank of Independent Directors maintained by the Government.

II. Board Diversity

The Bank recognizes and embraces the importance of a diverse Board and is endowed with appropriate balance of skills, expertise, experience and diversity of perspectives thereby ensuring effective board governance. The Board has reviewed and adopted the Policy on Board Diversity, which sets out its approach to ensure diversity, and to enhance its effectiveness while discharging its fiduciary obligations towards the stakeholders of the Bank. The Bank considers diversity in skills, regional and industry experience, knowledge, expertise, educational background and other qualities of each Director, whilst determining the composition of its Board.

In terms of Schedule V of the SEBI Listing Regulations, the details of core skills / expertise / competencies, identified by the Board as required in the context of the Bank's businesses and sector(s) for it to function effectively and those actually available with the Board, are as follows:

Corporate Governance

• Accountancy	• Economics
• Agriculture and Rural Economy	• Finance
• Banking	• Small-Scale Industry
• Co-operation	• Law
• Information Technology	• Payment & Settlement Systems
• Infrastructure Sector	• Risk Management
• Human Resources	• Business Management
• Core Industries	

Sr. No.	Name of the Director	Skills / Expertise / Competence
1.	Shri Rakesh Makhija	Industry & Technology Business Management
2.	Shri Amitabh Chaudhry	Finance Banking Insurance Business Management Information Technology
3.	Shri S. Vishvanathan	Banking Small Scale Industry Agriculture and Rural Economy Risk Management Treasury Capital Markets
4.	Smt. Ketaki Bhagwati	Finance Risk Management Business Management
5.	Shri Stephen Pagliuca	Finance Technology Media Telecommunications Financial Services Business
	Shri Ashish Kotecha (Alternate Director to Shri Stephen Pagliuca)	Finance Private Equity Risk Management Business Management Capital Markets
6.	Shri Girish Paranjpe	Accountancy Finance and Business Management Information Technology
7.	Shri T.C. Suseel Kumar	Marketing / Product Development Investment Corporate Planning / New Projects Audit Subsidiaries
8.	Smt. Meena Ganesh	Technology Consulting Business Management Entrepreneurship (BPO, Education and Health Care Services)
9.	Shri G. Padmanabhan	Bank Regulation Supervision of Foreign Exchange / Securities markets in India Information Technology Payment System
10.	Smt. Vasantha Govindan	Risk Management General Management Investment Management
11.	Shri Rajiv Anand	Finance Business Management Capital Markets
12.	Shri Rajesh Dahiya	Human Resources Business Management Agriculture Input Distribution & Sales Manufacturing

Brief profile of the Directors of the Bank have been uploaded on the website of the Bank at <https://www.axisbank.com/about-us>.

III. Duties and Responsibilities of the Board

The role of the Board is to provide effective guidance and oversight to the Management of the Bank so that it delivers enduring sustainable value, is fully compliant with extant laws and functions in an ethical and efficient manner.

The responsibilities of the Board *inter alia* includes overseeing the functioning of the Bank, monitoring legal and statutory compliance, reviewing the efficacy of internal control systems and processes, and management of risk associated with the business of the Bank, on the basis of information provided to it.

The Board is also responsible for approving the strategic direction, plans and priorities for the Bank, monitoring corporate performance against strategic business plans, reviewing and approving the Bank's financial and operating results on a periodic basis, overseeing the Bank's Corporate Governance framework and supervising the succession planning process for its Directors and Senior Management.

Accordingly, the Board deliberates on matters such as business strategy, risk, financial results, succession planning, compliance, customer service, information technology and human resources as covered under the seven critical themes prescribed by the RBI and such other matters as prescribed under the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the SEBI Listing Regulations relating to Corporate Governance and Circulars / Guidelines issued by the RBI, from time to time.

The Board spends considerable time perusing the information provided to them which facilitates informed decision making and effective participation at its meetings, leading to higher board effectiveness. Apart from quarterly review of the performance of the Bank, the Board meets once a year specifically to review the long-term strategy of the Bank. The Board oversees the actions and results of the Management to ensure that the long-term objectives of enhancing shareholders value are met. The Board also has the discretion to engage the services of external experts / advisors, as deemed appropriate.

The duties and responsibilities of the Board have been set out in the Charter formulated and adopted by the Bank, in terms of the relevant provisions of the Companies Act, 2013, the relevant Rules made there under, the SEBI Listing Regulations, the Banking Regulation Act, 1949, the Circulars / Guidelines issued by the RBI, as amended, from time to time and the Articles of Association of the Bank. During the year, the Board also reviewed and approved amendments to its Charter, in line with the extant norms.

Role of Independent Directors

Shri Rakesh Makhija, Shri S. Vishvanathan, Smt. Ketaki Bhagwati, Shri Girish Paranjpe, Smt. Meena Ganesh and Shri G. Padmanabhan are the Independent Directors of the Bank. The role of an Independent Director is to help in bringing an independent judgment to bear on the Board's deliberations especially on the issues pertaining to strategy, performance, risk management, resources, governance, key appointments and standards of conduct.

The Independent Directors bring an objective view in the evaluation of the performance of board and management, scrutinise the performance of management in meeting agreed goals and objectives and monitor reporting of performance. Independent Directors are responsible to safeguard the interests of all the stakeholders, particularly the minority shareholders and to balance the conflicting interest amongst the stakeholders.

Role of Managing Director and CEO

Shri Amitabh Chaudhry is the Managing Director & CEO of the Bank. He reports to the Board of the Bank and is vested with substantial powers for managing the affairs of the Bank, subject to the overall superintendence, control, guidance and direction of the Board.

As the Managing Director & CEO of the Bank, he has the authority to enter into contracts in the ordinary course of its business and to perform all such acts, deeds, matters and things, which he may consider necessary or appropriate to perform, in the business interest of the Bank.

Shri Amitabh Chaudhry, as the Managing Director & CEO is also a Key Managerial Personnel of the Bank, in terms of the provisions of Section 203(1) read with Section 2(51) of the Companies Act, 2013 and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Role of Whole-Time Directors

Shri Rajiv Anand, Executive Director (Wholesale Banking) and Shri Rajesh Dahiya, Executive Director (Corporate Centre) are the Whole-Time Directors of the Bank. They report directly to the Managing Director & CEO of the Bank. They are responsible for the specific functions as assigned to them by the Board, from time to time.

Shri Rajiv Anand, Executive Director (Wholesale Banking) and Shri Rajesh Dahiya, Executive Director (Corporate Centre) are also Key Managerial Personnel of the Bank, in terms of the provisions of Section 203(1) of the Companies Act, 2013 read with Section 2(51) of the Companies Act, 2013 and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

IV. Meetings of the Board / Committees

Schedule of the meetings

The schedule of the meetings of the Board / Committees of the Bank and the Annual General Meeting to be held during the next Financial Year, are finalised and circulated in advance to the Board.

Agenda for the meetings

The RBI vide its Circular no. DBR No.BC.93/29.67.001/2014 -15 dated 14 May, 2015 has prescribed 'Seven Critical Themes' to be reviewed by the Board namely business strategy, financial reports and their integrity, risk, compliance, customer protection, financial inclusion and human resources. The agenda for Board meetings includes matters forming part of the said critical themes, as stipulated by the RBI.

Corporate Governance

The agenda for the meetings of the Board / Committees is prepared and finalised in consultation with the Chairperson of the Board / Committees. The agenda notes and presentations for the meetings of the Board / Committees are sent to the Members of the Board / Committees in advance to enable them to read and comprehend the matters to be dealt with and seek further information / clarification.

The said agenda notes / presentation are circulated through a secured web-based portal to facilitate its easy access on iPad / Laptop / Computer. The agenda notes / presentations are presented in a manner, so as to facilitate informed decision making.

Members of the Board / Committees are free to recommend inclusion of any matter as part of the agenda for the said meetings.

Framework for conduct of meetings of the Board / Committees

The Bank has formulated and adopted a Framework for conduct of meetings of the Board / Committees of the Bank.

The said Framework provides guidance on matters relating to administration of meetings by ensuring standardisation in the formats used for preparation of agenda index, agenda notes, minutes and circular resolutions and adopting best practices from a compliance and governance perspective.

Framework for Monitoring and Implementation of the Directions of the Board

The Bank has formulated and adopted the "Framework for Monitoring and Implementation of Directions of the Board / Committees". The efficacy of the said Framework is reviewed by the Board at least on an annual basis.

In terms of this Framework, actionables emanating from the deliberations at the meetings are recorded in the minutes along with the timelines for completion of the same. Further, actionable emanating from the agenda notes are incorporated in the agenda notes placed at the respective meetings. These actionable along with their status of implementation forms part of the Action Taken Report, which is periodically monitored and reviewed until its closure, at the meetings of the Board / Committees.

The consolidated status of all actionables relating to the Board / Committees, is also reviewed by the Board, on a quarterly basis.

Minutes of the meetings

The draft of the minutes of the meetings of the Board / Committee are circulated to the Chairperson for his review and approval and thereafter circulated to other Members of the Board / Committee, for their comments / confirmation.

In case of business exigencies or urgency of matters, resolutions are also passed by the Board / Committees through circulation.

Conduct of Meetings

Owing to the restrictions imposed due to onset of threat posed by COVID 19 pandemic, the meetings of the Board / Committees convened during the financial year 2020-21 were held through audio video conference facility (AVCF), in accordance with the provisions of Rule 4 (2) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended by the Ministry of Corporate Affairs vide its notifications issued on 19 March, 2020, 23 June, 2020, 28 September, 2020 and the extension granted vide notification dated 30 December, 2020.

In all, 8 meetings of the Board were held during the Financial Year 2020-21, i.e. on 27 April, 2020, 2 July, 2020, 21 July, 2020, 28 October, 2020, 12 January, 2021, 27 January, 2021, 25 February, 2021 and 26 March, 2021. The gap between two Board meetings did not exceed the prescribed limit of 120 days. The requisite quorum was present throughout the meetings of the Board held during the Financial Year 2020-21.

The Board has accepted and implemented all the recommendations, including mandatory recommendations, made by the Committees at its meetings held during the Financial Year 2020-21.

The name, age, category of Directors, details of the Board meetings attended during the Financial Year 2020-21 along with sitting fees paid to them for attending the said meetings, and their attendance at the 26th Annual General Meeting of the Bank (AGM), are given below:

Sr. No.	Name of the Director	DIN	Age	Category	Board Meetings attended during the year	Sitting fees (in ₹)	Attendance at last AGM (31 July, 2020)
1.	Shri Rakesh Makhija ¹	00117692	69	Independent Director & Non-Executive (Part-Time) Chairperson	8/8	8,00,000	Yes
2.	Shri Amitabh Chaudhry	00531120	56	Managing Director & CEO	8/8	-	Yes
3.	Shri Rohit Bhagat ²	02968574	57	Independent Non-Executive	5/5	5,00,000	Yes
4.	Shri S. Vishvanathan	02255828	66	Independent Non-Executive	8/8	8,00,000	Yes
5.	Smt. Ketaki Bhagwati ³	07367868	57	Independent Non-Executive	8/8	8,00,000	Yes
6.	Shri B. Baburao ⁴	00425793	62	Nominee Director - Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI) [Equity Investor] - Promoter	5/5	5,00,000	Yes
7.	Shri Stephen Pagliuca	07995547	66	Nominee Director - Entities affiliated to BAIN Capital [Equity Investor]	4/4	4,00,000	Yes
8.	Shri Girish Paranjpe	02172725	63	Independent Non-Executive	8/8	8,00,000	Yes
9.	Shri T.C. Suseel Kumar ^{5@}	06453310	60	Nominee Director - Life Insurance Corporation of India [Equity Investor] - Promoter	6/7	6,00,000	Yes
10.	Smt. Meena Ganesh ⁶	00528252	57	Independent Non-Executive	5/5	5,00,000	NA
11.	Shri G. Padmanabhan ⁷	07130908	65	Independent Non-Executive	5/5	5,00,000	NA
12.	Shri Ashish Kotecha ⁸	02384614	45	Alternate Director to Shri Stephen Pagliuca, Nominee Director - Entities affiliated to BAIN Capital [Equity Investor]	4/4	4,00,000	NA
13.	Smt. Vasantha Govindan ⁹	02230959	42	Nominee Director - Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI) [Equity Investor] - Promoter	3/3	3,00,000	NA
14.	Shri Rajiv Anand	02541753	55	Executive Director (Wholesale Banking)	8/8	-	Yes
15.	Shri Rajesh Dahiya	07508488	53	Executive Director (Corporate Centre)	8/8	-	Yes
16.	Shri Pralay Mondal ¹⁰	00117994	55	Executive Director (Retail Banking)	3/3	-	Yes

@ Leave of absence was granted to the concerned Directors who had expressed their inability to attend the respective meetings.

1. Re-appointed as an Independent Director of the Bank, for a period of 3 years, with effect from 27 October, 2020.
2. Ceased to be an Independent Director of the Bank, with effect from the close of business hours on 15 January, 2021.
3. Re-appointed as an Independent Director of the Bank, for a period of 3 years, with effect from 19 January, 2021.
4. Ceased to be a Nominee Director of the Bank, with effect from 22 January, 2021.
5. Appointed as a Nominee Director of the Bank, with effect from 1 July, 2020.
6. Appointed as an Independent Director of the Bank, for a period of 4 years, with effect from 1 August, 2020.
7. Appointed as an Independent Director of the Bank, for a period of 4 years, with effect from 28 October, 2020.
8. Appointed as an Alternate Director to Shri Stephen Pagliuca, Non-Executive (Nominee Director) of the Bank, with effect from 1 November, 2020.
9. Appointed as a Nominee Director of the Bank, with effect from 27 January, 2021.
10. Ceased to be the Executive Director (Retail Banking) of the Bank, with effect from the close of business hours on 14 September, 2020.

Corporate Governance

The details of other Directorships and Memberships / Chairpersonships in Board Committees of other Companies and the category thereof held by the Directors, as on 31 March, 2021, are given below:

Designation/ Category	Directorship in other listed companies, in India	Number of other Directorships in unlisted companies		Number of Memberships in Board Committees ⁽ⁱⁱ⁾
Name of the Director	Name of the Companies & Designation	of Indian Public Limited Companies	of other companies ⁽ⁱ⁾	
Non-Executive (Part-Time) Chairperson & Independent Director				
Shri Rakesh Makhija	Castrol India Limited (Independent Director)	1	0	2(1)
Nominee Director – SUUTI				
Smt. Vasantha Govindan	NIL	3	0	0
Nominee Director – LIC				
Shri T.C. Suseel Kumar	BSE Limited (Non-Executive Director) Lakshmi Machine Works Limited (Nominee Director)	0	0	2(1)
Nominee Director – Entities affiliated to BAIN Capital				
Shri Stephen Pagliuca	NIL	0	6	0
Shri Ashish Kotecha (Alternate Director to Shri Stephen Pagliuca)	NIL	0	9	0
Independent Directors				
Shri S. Vishvanathan	Orient Paper & Industries Limited (Independent Director)	1	0	3(1)
Smt. Ketaki Bhagwati	Bayer Crop Science Limited (Independent Director)	1	0	1(0)
Shri Girish Paranjpe	CRISIL Limited (Independent Director)	1	3	3(1)
Smt. Meena Ganesh	Pfizer limited (Independent Director) Procter & Gamble Hygiene and Health Care Limited (Independent Director)	1	12	1(0)
Shri G. Padmanabhan	Haldyn Glass Limited (Independent Director)	0	1	1(0)
Managing Director & CEO / Executive Directors				
Shri Amitabh Chaudhry, Managing Director & CEO	NIL	3	0	0
Shri Rajiv Anand, Executive Director (Wholesale Banking)	NIL	4	2	2(0)
Shri Rajesh Dahiya, Executive Director – (Corporate Centre)	NIL	1	1	0

(i) Includes foreign companies, private companies and Section 8 companies.

(ii) Includes only Memberships of the Audit Committee and Stakeholders Relationship Committee in public limited companies. Figures in brackets represent number of Chairpersonships of the said Committees, as per the disclosure received from the concerned Director of the Bank.

Notes:

- All Directors of the Bank have submitted forms / declarations / undertakings / consent as required under the applicable provisions of the Companies Act, 2013 and the relevant Rules made thereunder, the SEBI Listing Regulations and the SEBI (Prohibition of Insider Trading Regulations) 2015, the Banking Regulation Act, 1949 and the guidelines issued by the RBI under the fit and proper norms, the Insurance Act, 1938 and Insurance Regulatory and Development Authority of India (Registration of Corporate Agent) Regulations, 2015, as amended, from time to time (the extant norms).
- Pursuant to review of the said forms / declarations / undertakings / consent as submitted by the Directors of the Bank, the Nomination and Remuneration Committee and the Board of the Bank were able to confirm that all its Directors are in compliance with the extant norms and were fit and proper to continue as Directors of the Bank.

(4) Board Committees

The business of the Board is also conducted through the various Committees, constituted to deal with specific matters as mandated under the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the SEBI Listing Regulations, the Banking Regulation Act, 1949, the Circulars / Guidelines issued by the RBI, in this regard, from time to time and the Articles of Association of the Bank. The charter of the Board Committees is subject to an annual review by the Board, pursuant to changes in the extant norms or to meet the business requirements of the Bank.

During the year, in terms of the Board Diversity Policy and the Succession Planning Policy of the Bank, the Chairperson of Board and Chairperson of the Nomination and Remuneration Committee, reviewed and approved requisite changes to the composition of certain Board Committees.

The Board has constituted 12 Committees, viz., Committee of Directors (COD), Audit Committee of the Board (ACB), Risk Management Committee (RMC), Stakeholders Relationship Committee (SRC), Nomination and Remuneration Committee (NRC), Corporate Social Responsibility Committee (CSR), Special Committee of the Board of Directors for Monitoring of Large Value Frauds (LVF), Customer Service Committee (CSC), IT Strategy Committee (IT), Review Committee (RC), Acquisitions, Divestments and Mergers Committee (ADAM) and Committee of Whole-Time Directors (COWTD). During the year, Charter of the said Committees were reviewed and approved by the Board, pursuant to amendments to applicable banking, corporate and securities laws.

The details of common members in Board Committees as required under the applicable RBI Guidelines is as under:

The RMC and the NRC have Shri Girish Paranjpe, Independent Director as a common member.

The ACB and the LVF have Shri S. Vishvanathan and Shri Rakesh Makhija, Independent Directors as common members.

The table showcasing the composition of the Committees of the Bank, is given below:

Sr No.	Name of the Director	Category	COD	ACB	RMC	SRC	NRC	LVF	CSC	IT	CSR	RC	ADAM	COWTD
1.	Shri Rakesh Makhija	Independent Non-Executive (Part-Time) Chairman	-		-	-			-	-		-		-
2.	Shri Amitabh Chaudhry	Managing Director & CEO		-		-	-				-			
3.	Shri S. Vishvanathan	Independent Non-Executive			-		-		-	-	-		-	-
4.	Smt. Ketaki Bhagwati	Independent Non-Executive		-		-	-	-	-	-	-			-
5.	Shri Stephen Pagliuca	Nominee Director - Entities affiliated to BAIN Capital	-	-	-	-	-	-	-	-	-	-	-	-
	Shri Ashish Kotecha	Alternate Director to Shri Stephen Pagliuca, Nominee Director - Entities affiliated to BAIN Capital [Equity Investor]	-	-	-	-	-	-	-	-	-	-	-	-

Corporate Governance

Sr No.	Name of the Director	Category	COD	ACB	RMC	SRC	NRC	LVF	CSC	IT	CSR	RC	ADAM	COWTD
6.	Shri Girish Paranjpe	Independent Non-Executive	-			-		-	-		-	-	-	-
7.	Shri T.C. Suseel Kumar	Nominee Director - Life Insurance Corporation of India	-	-	-	-	-			-		-	-	-
8.	Smt. Meena Ganesh	Independent Non-Executive	-	-	-	-		-	-		-	-		-
9.	Shri G. Padmanabhan	Independent Non-Executive		-		-	-	-	-		-	-	-	-
10.	Smt. Vasantha Govindan	Nominee Director - Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	-	-	-		-	-		-	-	-	-	-
11.	Shri Rajiv Anand	Executive Director (Wholesale Banking)		-	-	-	-	-	-	-		-	-	
12.	Shri Rajesh Dahiya	Executive Director (Corporate Centre)	-	-	-		-		-	-		-	-	

Member Chairperson

Brief description of Charter of the said Committees, their composition and attendance of the Members at the meetings thereof, are detailed as under:

1. COMMITTEE OF DIRECTORS

Composition	<p>The Committee of Directors of the Board of the Bank (COD) comprises of 5 members out of which 3 are Independent Directors.</p> <ol style="list-style-type: none"> Shri S Vishvanathan, Chairman Shri Amitabh Chaudhry Smt. Ketaki Bhagwati Shri G. Padmanabhan Shri Rajiv Anand <p>Shri B. Baburao ceased to be a Member of the COD, with effect from 22 January, 2021. Shri G. Padmanabhan was appointed as a Member of the COD, with effect from 14 December, 2020.</p>
Brief description of the Charter	<ol style="list-style-type: none"> To review loans sanctioned by Senior Management Committee (SMC), provide approvals for loans as per the limits stipulated in the Corporate Credit Policy of the Bank, as amended, from time to time, and to discuss strategic issues in relation to credit policy and deliberate on the quality of the credit portfolio of the Bank. To monitor the exposures (both credit and investments) of the Bank and to consider and approve one time compromise settlement proposals, in respect of loan accounts which have been written off. To approve treasury related investments and disinvestments as mentioned in the Domestic Investment Policy, Overseas Investment Policy and Market Risk Management Policy of the Bank, as amended, from time to time. To review and approve proposals relating to the Bank's business / operations covering all its departments and business segments.
Meetings	In all 12 meetings of the COD were held during the Financial Year 2020-21 i.e. on 20 May, 2020, 23 June, 2020, 24 July, 2020, 18 August, 2020, 22 September, 2020, 21 October, 2020, 23 November, 2020, 24 December, 2020, 22 January, 2021, 22 February, 2021, 12 March, 2021 and 24 March, 2021.

Attendance and Sitting fees during the year 2020-21	Name of the Members	Designation	Attendance	Sitting fees (in ₹)
	Shri S. Vishvanathan, Chairman	Independent Director	12/12	12,00,000
	Shri Amitabh Chaudhry [®]	Managing Director & CEO	10/12	-
	Smt. Ketaki Bhagwati	Independent Director	12/12	12,00,000
	Shri B. Baburao ¹	Non-Executive (Nominee Director-SUUTI)	8/8	8,00,000
	Shri Rajiv Anand	Executive Director- (Wholesale Banking)	12/12	-
	Shri G. Padmanabhan ²	Independent Director	5/5	5,00,000

[®] Leave of absence was granted to the concerned Member who had expressed his inability to attend the respective meetings.

1. Ceased to be a Member, with effect from 22 January, 2021.

2. Appointed as Member, with effect from 14 December, 2020.

2. AUDIT COMMITTEE OF BOARD

Composition	<p>The Audit Committee of the Board of the Bank (ACB) comprises of 3 members, out of which all 3 are Independent Directors. The Members of the ACB are financially literate and have requisite accounting and financial management expertise.</p> <ol style="list-style-type: none"> Shri Girish Paranjpe, Chairman Shri S. Vishvanathan Shri Rakesh Makhija <p>Shri B. Baburao ceased to be a Member of the ACB, with effect from 22 January, 2021.</p>
Brief description of the Charter	<ol style="list-style-type: none"> To provide direction and to oversee the operation of the audit function. To review the internal audit system with special emphasis on its quality and effectiveness and status of compliance with respect to Risk Assessment Report, Risk Mitigation Plan, Scrutiny Reports issued by RBI. To review the concurrent audit system of the Bank (including the appointment of concurrent auditors), approve the appointment, re-appointment, remuneration and terms of appointment of statutory auditors and payments to statutory auditors for any other services rendered by them. To oversee the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible. To review, with the management, quarterly as well as the annual financial statements and auditor's report thereon before submission to the Board for approval with special emphasis on accounting policies and practices, compliance with accounting standards, disclosure of related party transactions and other legal requirements relating to financial statements. Oversee the implementation of Compliance Policy and review the compliance function on half-yearly and annual basis ensuring that all compliance issues are resolved effectively. To review functioning of the Whistle Blower and Vigilance mechanism. To approve any subsequent modification of transactions of the Bank that shall involve related parties. To review the performance of Information Security Audit and the critical issues highlighted during the Information Security Audit and provide appropriate guidance to the Bank's Management. Oversee the implementation of Compliance Policy and review the compliance function on half-yearly and annual basis ensuring that all compliance issues are resolved effectively. To review functioning of the Whistle Blower and Vigilance mechanism. To approve any subsequent modification of transactions of the Bank that shall involve related parties. To review the performance of Information Security Audit and the critical issues highlighted during the Information Security Audit and provide appropriate guidance to the Bank's Management.

Corporate Governance

	<p>The Chief Audit Executive (CAE), Chief Compliance Officer and Chief Financial Officer of the Bank attend the meetings of the ACB. Shri Charanjit Singh is the CAE of the Bank. The Executive Directors are permanent invitees to the meetings of the ACB. The CAE of the Bank directly reports to the ACB. The Company Secretary of the Bank acts as the secretary to the ACB. Shri Girish Paranjpe, Chairperson of the ACB attended the Twenty Sixth Annual General Meeting of the Shareholders of the Bank.</p> <p>The ACB discusses with the Statutory Auditors, the key highlights of the quarterly and annual financial results of the Bank, before recommending the same to the Board, for their approval. The representatives of the Statutory Auditors have attended the meetings of the ACB held during the year for review of the quarterly / annual financial results of the Bank. The ACB also discusses with the Statutory Auditors the matters connected with the said financial results, without the presence of any executives of the Bank.</p>																				
Meetings	In all 11 meetings of the ACB were held during the Financial Year 2020-21 i.e. on 28 April, 2020, 18 June, 2020, 21 July, 2020, 27 August, 2020, 23 September, 2020, 28 October, 2020, 25 November, 2020, 21 December, 2020, 27 January, 2021, 15 February, 2021 and 23 March, 2021.																				
Attendance and Sitting fees during the year 2020-21	<table border="1"> <thead> <tr> <th>Name of the Members</th> <th>Designation</th> <th>Attendance</th> <th>Sitting fees (In ₹)</th> </tr> </thead> <tbody> <tr> <td>Shri Girish Paranjpe, Chairperson</td> <td>Independent Director</td> <td>11/11</td> <td>11,00,000</td> </tr> <tr> <td>Shri S. Vishvanathan</td> <td>Independent Director</td> <td>11/11</td> <td>11,00,000</td> </tr> <tr> <td>Shri Rakesh Makhija</td> <td>Independent Director</td> <td>11/11</td> <td>11,00,000</td> </tr> <tr> <td>Shri B. Baburao¹</td> <td>Non-Executive (Nominee Director-SUUTI)</td> <td>8/8</td> <td>8,00,000</td> </tr> </tbody> </table>	Name of the Members	Designation	Attendance	Sitting fees (In ₹)	Shri Girish Paranjpe, Chairperson	Independent Director	11/11	11,00,000	Shri S. Vishvanathan	Independent Director	11/11	11,00,000	Shri Rakesh Makhija	Independent Director	11/11	11,00,000	Shri B. Baburao ¹	Non-Executive (Nominee Director-SUUTI)	8/8	8,00,000
Name of the Members	Designation	Attendance	Sitting fees (In ₹)																		
Shri Girish Paranjpe, Chairperson	Independent Director	11/11	11,00,000																		
Shri S. Vishvanathan	Independent Director	11/11	11,00,000																		
Shri Rakesh Makhija	Independent Director	11/11	11,00,000																		
Shri B. Baburao ¹	Non-Executive (Nominee Director-SUUTI)	8/8	8,00,000																		

1. Ceased to be a Member, with effect from 22 January, 2021.

3. RISK MANAGEMENT COMMITTEE

Composition	<p>The Risk Management Committee of Directors of the Bank (RMC) comprises of 4 members out of which 3 are Independent Directors.</p> <ol style="list-style-type: none"> Smt. Ketaki Bhagwati, Chairperson Shri Amitabh Chaudhry Shri Girish Paranjpe Shri G. Padmanabhan <p>Shri Rohit Bhagat ceased to be a Member of the RMC, with effect from the close of business hours of 15 January, 2021.</p> <p>Shri Girish Paranjpe was appointed as a Member of the RMC, with effect from 25 August, 2020.</p> <p>Shri G. Padmanabhan was appointed as a Member of the RMC, with effect from 14 December, 2020.</p>
Brief description of the Charter	<ol style="list-style-type: none"> Framing and governing of the risk strategy and approving and reviewing the risk appetite of the Bank. Ensuring that sound policies, procedures and practices are in place to manage its risks. Establishing a framework to set and monitor limits across risk categories such as credit risk, market risk, operational risk etc. in order to ensure that the risk profile is adequately diversified. Reviewing the Risk Management Framework formulated and adopted by the Bank taking into account the nature, size and complexity of the businesses undertaken by the Bank and recommending the same for the approval of the Board. To review the Risk Management Plan with respect to Cyber Security and monitor the implementation of the measures recommended by the IT Strategy Committee of the Bank, to mitigate any risk arising therefrom. <p>The Chief Risk Officer (CRO) of the Bank reports directly to the Managing Director & CEO of the Bank. Shri Amit Talgeri is the CRO of the Bank. The CRO of the Bank oversees the risk management function and is responsible for developing and setting the risk management framework, developing and maintaining systems and processes to identify, approve, measure, monitor, control and report risks, developing risk controls and mitigation processes, ensuring adherence to the Risk Appetite established by the Board.</p>

	The CRO of the Bank is independent of the business lines and is actively involved in key decision making processes that impact the risk profile of the Bank. The CRO of the Bank also meets the RMC without the presence of executive management of the Bank. The Bank has formulated and adopted a Policy defining the roles and responsibilities of the CRO, in lines with the guidelines issued by the RBI.			
Meetings	In all, 5 meetings of the RMC were held during the Financial Year 2020-21 i.e. on 27 April, 2020, 17 July, 2020, 23 October, 2020, 15 December, 2020 and 20 January, 2021.			
Attendance and Sitting fees during the year 2020-21	Name of the Members	Designation	Attendance	Sitting fees (in ₹)
	Smt. Ketaki Bhagwati, Chairperson	Independent Director	5/5	5,00,000
	Shri Amitabh Chaudhry	Managing Director & CEO	5/5	-
	Shri Rohit Bhagat ¹	Independent Director	4/4	4,00,000
	Shri Girish Paranjpe ²	Independent Director	3/3	3,00,000
	Shri G. Padmanabhan ³	Independent Director	2/2	2,00,000

1. Ceased to be a Member, with effect from the close of business hours on 15 January, 2021.

2. Appointed as a Member, with effect from 25 August, 2020.

3. Appointed as a Member, with effect from 14 December, 2020.

4. STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition	<p>The Stakeholders Relationship Committee of the Board of Directors of the Bank (SRC) comprises of 3 members out of which 1 is an Independent Director.</p> <ol style="list-style-type: none"> Shri S. Vishvanathan, Chairman Shri Rajesh Dahiya Smt. Vasantha Govindan <p>Shri B. Baburao, ceased to be a Member and Chairman of the SRC, with effect from 22 January, 2021.</p> <p>Shri S. Vishvanathan, Member of the SRC was appointed as Chairman of the SRC, with effect from 16 March, 2021.</p> <p>Smt. Vasantha Govindan was appointed as a Member of the SRC, with effect from 16 March, 2021.</p> <p>Shri B. Baburao, Chairman of the SRC attended the Twenty Sixth Annual General Meeting of the Shareholders of the Bank.</p> <p>Shri Girish V. Koliyote, Company Secretary of the Bank, is the Compliance Officer, in terms of Regulation 6 of the SEBI Listing Regulations.</p>
Brief description of the Charter	<ol style="list-style-type: none"> Consider and resolve the grievances of the security holders of the Bank. Review of complaints received from the investors in respect of transfer/ transmission of shares and debentures of the Bank, non-receipt of annual report of the Bank, non-receipt of declared dividends and interest on debentures, delay in receipt of new / duplicate certificates, etc. and the status of its redressal. Review the measures taken for effective exercise of voting rights by shareholders. Review adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent. Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the company.
Meetings	In all, 2 meetings of SRC were held during the Financial Year 2020-21 i.e., 24 April, 2020 and 20 October, 2020.

Corporate Governance

Attendance and Sitting fees during the year 2020-21	Name of the Members	Designation	Attendance	Sitting fees (in ₹)
	Shri B. Baburao, Chairman ¹	Non-Executive (Nominee Director-SUUTI)	2/2	1,00,000
	Shri S. Vishvanathan ²	Independent Director	2/2	1,00,000
	Shri Rajesh Dahiya	Executive Director (Corporate Centre)	2/2	-
	Smt. Vasantha Govindan ³	Non-Executive (Nominee Director-SUUTI)	-	-

1. Ceased to be a Member, with effect from 22 January, 2021.

2. Appointed as a Chairman, with effect from 16 March, 2021.

3. Appointed as a Member, with effect from 16 March, 2021.

5. NOMINATION AND REMUNERATION COMMITTEE

Composition	<p>The Nomination and Remuneration Committee of the Board of Directors of the Bank (NRC) comprises of 3 members. All Members of the NRC are Independent Directors.</p> <ol style="list-style-type: none"> Smt. Meena Ganesh, Chairperson Shri Rakesh Makhija Shri Girish Paranjpe <p>Smt. Meena Ganesh and Shri Girish Paranjpe were appointed as Members of NRC, with effect from 25 August, 2020.</p> <p>Shri Rohit Bhagat ceased to be a Member and Chairman of NRC, with effect from the close of business hours on 15 January, 2021.</p> <p>Smt. Meena Ganesh was appointed as the Chairperson of NRC, with effect from 16 January, 2021.</p> <p>Shri Rohit Bhagat, Chairman of NRC attended the Twenty Sixth Annual General Meeting of the Shareholders of the Bank.</p> <p>Shri Stephen Pagliuca ceased to be a Member of NRC, upon appointment of Shri Ashish Kotecha as an Alternate Director to Shri Stephen Pagliuca, with effect from 1 November, 2020.</p>
Brief description of the Charter	<ol style="list-style-type: none"> To evaluate the succession planning process adopted by the Bank and recommend the appointment / re-appointment of Individual & Independent Directors, Whole-Time Directors and Senior Management along with the terms of appointment including remuneration. To set the goals, objectives and performance benchmarks for the Bank, Whole-Time Directors & senior management and review the performance as per the timelines. To review and recommend to the Board the overall remuneration framework and the compensation decisions for the financial year. To review the organisation structure of the Bank and recommend to the Board the talent management, succession policy and process, creation of new positions one level below the MD & CEO of the Bank. 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. Consider and approve the grant of Stock Options to the Managing Director & CEO, other Whole-Time Directors, Senior Management and other eligible employees of the Bank / subsidiary, in terms of the relevant provisions of the SEBI (Share Based Employee Benefits) Regulations, 2015, as amended, from time to time. To review adequacy and appropriateness of HR strategy of the Bank in the broader areas of code of conduct, culture and ethics, conflict of interest, succession planning, talent management, performance management, and remuneration and HR risk management.
Meetings	In all, 8 meetings of NRC were held during the Financial Year 2020-21 i.e. on 27 April, 2020, 29 May, 2020, 20 July, 2020, 24 September, 2020, 26 October, 2020, 25 January, 2021, 6 March, 2021 and 22 March, 2021.

Attendance and Sitting fees during the year 2020-21	Name of the Members	Designation	Attendance	Sitting fees (in ₹)
	Shri Rohit Bhagat, Chairman ¹	Independent Director	5/5	5,00,000
	Smt. Meena Ganesh, Chairperson ²	Independent Director	5/5	5,00,000
	Shri Rakesh Makhija	Independent Director	8/8	8,00,000
	Shri Girish Paranjpe ³	Independent Director	5/5	5,00,000
	Shri Stephen Pagliuca ⁴	Non-Executive (Nominee Director-Entities affiliated to BAIN Capital)	4/5	4,00,000

[©] Leave of absence was granted to the concerned Member who had expressed his inability to attend the respective meeting.

1. Ceased to be a Member and Chairman, with effect from the close of business hours on 15 January, 2021.
2. Appointed as a Member, with effect from 25 August, 2020 and Chairperson, with effect from 16 January, 2021.
3. Appointed as a Member, with effect from 25 August, 2020.
4. Ceased to be a Member, with effect from 1 November, 2020.

6. SPECIAL COMMITTEE OF THE BOARD OF DIRECTORS FOR MONITORING OF LARGE VALUE FRAUDS

Composition	The Special Committee of the Board of Directors for Monitoring of Large Value Frauds of the Bank (LVF) comprises of 5 members out of which 2 are Independent Directors. 1. Shri S. Vishvanathan, Chairman 2. Shri Rakesh Makhija 3. Shri Amitabh Chaudhry 4. Shri Rajesh Dahiya 5. Shri T.C. Suseel Kumar Shri Rajiv Anand ceased to be a Member of LVF, with effect from 25 August, 2020. Shri T. C. Suseel Kumar, was appointed as a Member of LVF, with effect from 25 August, 2020. Shri B. Baburao ceased to be a Member and Chairman of LVF, with effect from 22 January, 2021. Shri S. Vishvanathan, was appointed as a Member and Chairman of LVF, with effect from 16 March, 2021.
Brief description of the Charter	i) The main objectives of the Committee is to monitor and review effective investigation of frauds involving amount of ₹10 million and above in each case, actions taken by the Bank against the perpetrators of such frauds and suggesting / reviewing corrective steps to plug systemic loopholes, if any. ii) Monitor the progress in all the large value frauds and implementation of the suggestions made by the Committee. iii) The Committee also reviews the accounts identified as 'Red-Flagged' (RFA) with an exposure amounting to ₹30 million and above from the Bank, Cyber frauds and functioning of Fraud Review Council.
Meetings	In all, 4 meetings of LVF were held during the financial Year 2020-21 i.e. on 17 June, 2020, 21 September, 2020, 16 December, 2020 and 22 March, 2021.

Attendance and Sitting fees during the year 2020-21	Name of the Members	Designation	Attendance	Sitting fees (in ₹)
	Shri B. Baburao, Chairman ¹	Non-Executive (Nominee Director-SUUTI)	3/3	1,50,000
	Shri S. Vishvanathan, Chairman ²	Independent Director	1/1	50,000
	Shri Rakesh Makhija	Independent Director	4/4	2,00,000
	Shri Amitabh Chaudhry	Managing Director & CEO	4/4	-
	Shri T. C. Suseel Kumar ³	Non-Executive (Nominee Director-LIC)	3/3	1,50,000
	Shri Rajiv Anand ⁴	Executive Director (Wholesale Banking)	1/1	-
	Shri Rajesh Dahiya [©]	Executive Director (Corporate Centre)	3/4	-

[©] Leave of absence was granted to the concerned Member who had expressed his inability to attend the respective meeting.

1. Ceased to be a Member, with effect from 22 January, 2021.
2. Appointed as a Member and Chairman, with effect from 16 March, 2021.
3. Inducted as a Member, with effect from 25 August, 2020.
4. Ceased to be a Member, with effect from 25 August, 2020.

Corporate Governance

7. CUSTOMER SERVICE COMMITTEE

Composition	The Customer Service Committee of the Board of Directors of the Bank (CSC) comprises of 3 members: <ol style="list-style-type: none"> Shri Amitabh Chaudhry, Chairman Shri T.C. Suseel Kumar Smt. Vasantha Govindan <p>Shri T. C. Suseel Kumar, was appointed as a Member of CSC, with effect from 25 August, 2020.</p> <p>Shri Pralay Mondal and Shri Girish Paranjpe ceased to be Members of CSC, with effect from 15 September, 2020.</p> <p>Shri B. Baburao ceased to be a Member of CSC, with effect from 22 January, 2021.</p> <p>Smt. Vasantha Govindan was appointed as the Member of CSC, with effect from 16 March, 2021.</p>			
Brief description of the Charter	<ol style="list-style-type: none"> Oversee the functioning of various customer sub committees at the Bank. Review complaints and quality of service provided by the Bank & it's subsidiaries to ensure a robust grievance redressal mechanism. Approve policy documents and review effective implementation of RBI directives. Review progress on other regulatory matters. Review the initiatives taken by the Bank to enhance customer experience. 			
Meetings	In all, 4 meetings of the Customer Service Committee were held during the Financial Year 2020-21 i.e. on 16 June, 2020, 11 September, 2020, 18 December, 2020 and 25 March, 2021.			
Attendance and Sitting fees during the year 2020-21	Name of the Members	Designation	Attendance	Sitting fees (in ₹)
	Shri Amitabh Chaudhry, Chairman	Managing Director & CEO	4/4	-
	Shri B. Baburao ¹	Non-Executive (Nominee Director - SUUTI)	3/3	1,50,000
	Shri Girish Paranjpe ²	Independent Director	2/2	1,00,000
	Shri T. C. Suseel Kumar ³	Non-Executive (Nominee Director - LIC)	3/3	1,50,000
	Smt. Vasantha Govindan ⁴	Non-Executive (Nominee Director - SUUTI)	1/1	50,000
	Shri Pralay Mondal ⁵	Executive Director (Retail Banking)	2/2	-

1. Ceased to be a Member, with effect from 22 January, 2021.
2. Ceased to be a Member, with effect from 15 September, 2020.
3. Appointed as a Member, with effect from 25 August, 2020.
4. Appointed as a Member, with effect from 16 March, 2021.
5. Ceased to be a Member, with effect from 15 September, 2020.

8. IT STRATEGY COMMITTEE

Composition	The IT Strategy Committee of the Board of Directors of the Bank (IT Committee) comprises of 4 members out of which 3 are Independent Directors. <ol style="list-style-type: none"> Shri Girish Paranjpe – Chairman Shri Amitabh Chaudhry Smt. Meena Ganesh Shri G. Padmanabhan <p>Smt. Meena Ganesh was appointed as a Member of the IT Committee, with effect from 25 August, 2020.</p> <p>Shri Pralay Mondal ceased to be a Member of the IT Committee, with effect from 15 September, 2020.</p> <p>Shri G. Padmanabhan was appointed as a Member of the IT Committee, with effect from 14 December, 2020.</p>			
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Brief description of the Charter	<ul style="list-style-type: none"> i) Approving IT Strategy and policies and ensuring that IT strategy is aligned with business strategy. ii) Ensure that IT architecture, investment, organisational structure, resources and performance measurement parameters are geared to deliver business value and contribute to the Bank's growth. iii) Assessing and reviewing the strategy for addressing IT and cyber security risks. iv) Exercise oversight to ensure effective functioning of the IT Operations of the Bank. v) Review the Business Continuity Plan (BCP)/Disaster Recovery (DR) Plan of the Bank and exercise oversight over the efficacy of the BCP/DR process adopted by the Bank and recommend measures for its improvement. vi) Review the progress made by the Bank on the Digital Banking front. 																								
Meetings	In all, 4 meetings of IT Committee were held during the Financial Year 2020-21 i.e. on 16 June, 2020, 11 September, 2020, 17 December, 2020 and 25 March, 2021.																								
Attendance and Sitting fees during the year 2020-21	<table border="1"> <thead> <tr> <th>Name of the Members</th> <th>Designation</th> <th>Attendance</th> <th>Sitting fees (in ₹)</th> </tr> </thead> <tbody> <tr> <td>Shri Girish Paranjpe, Chairman</td> <td>Independent Director</td> <td>4/4</td> <td>4,00,000</td> </tr> <tr> <td>Shri Amitabh Chaudhry</td> <td>Managing Director & CEO</td> <td>4/4</td> <td>-</td> </tr> <tr> <td>Shri Pralay Mondal¹</td> <td>Executive Director (Retail Banking)</td> <td>2/2</td> <td>-</td> </tr> <tr> <td>Smt. Meena Ganesh²</td> <td>Independent Director</td> <td>3/3</td> <td>3,00,000</td> </tr> <tr> <td>Shri G. Padmanabhan³</td> <td>Independent Director</td> <td>2/2</td> <td>2,00,000</td> </tr> </tbody> </table>	Name of the Members	Designation	Attendance	Sitting fees (in ₹)	Shri Girish Paranjpe, Chairman	Independent Director	4/4	4,00,000	Shri Amitabh Chaudhry	Managing Director & CEO	4/4	-	Shri Pralay Mondal ¹	Executive Director (Retail Banking)	2/2	-	Smt. Meena Ganesh ²	Independent Director	3/3	3,00,000	Shri G. Padmanabhan ³	Independent Director	2/2	2,00,000
Name of the Members	Designation	Attendance	Sitting fees (in ₹)																						
Shri Girish Paranjpe, Chairman	Independent Director	4/4	4,00,000																						
Shri Amitabh Chaudhry	Managing Director & CEO	4/4	-																						
Shri Pralay Mondal ¹	Executive Director (Retail Banking)	2/2	-																						
Smt. Meena Ganesh ²	Independent Director	3/3	3,00,000																						
Shri G. Padmanabhan ³	Independent Director	2/2	2,00,000																						

1. Ceased to be a Member, with effect from 15 September, 2020.

2. Appointed as a Member with effect from 25 August, 2020.

3. Appointed as a Member, with effect from 14 December, 2020.

9. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition	<p>The Corporate Social Responsibility Committee of the Board of Directors of the Bank (CSR Committee) comprises of 4 members out of which 1 is an Independent Director.</p> <ol style="list-style-type: none"> 1. Shri Rakesh Makhija, Chairman 2. Shri Rajesh Dahiya 3. Shri Rajiv Anand 4. Shri T.C. Suseel Kumar <p>Shri T. C. Suseel Kumar was appointed as a Member of the CSR Committee, with effect from 14 December, 2020.</p>																				
Brief description of the Charter	<ul style="list-style-type: none"> i) Formulate and recommend to the Board, the CSR Strategy, themes, focus areas and review mechanism including the CSR Policy of the Bank. ii) Review and approve, the CSR projects/programs to be undertaken by the Bank either directly or through Axis Bank Foundation (ABF) or through implementation partners as deemed suitable, during the financial year and specify modalities for its execution and implementation schedules for the same, in terms of the CSR Policy of the Bank. iii) Review and approve the funds to be allocated for the CSR projects / programmes to be undertaken by the Bank during the financial year, in terms of the CSR Policy of the Bank, subject to compliance with Section 135(5) of the Companies Act, 2013. 																				
Meetings	In all, 4 meetings of CSR Committee were held during the Financial Year 2020-21 i.e. on 17 June, 2020, 21 September, 2020, 10 December, 2020 and 15 March, 2021.																				
Attendance and Sitting fees during the year 2020-21	<table border="1"> <thead> <tr> <th>Name of the Members</th> <th>Designation</th> <th>Attendance</th> <th>Sitting fees (in ₹)</th> </tr> </thead> <tbody> <tr> <td>Shri Rakesh Makhija, Chairman</td> <td>Independent Director</td> <td>4/4</td> <td>2,00,000</td> </tr> <tr> <td>Shri Rajesh Dahiya</td> <td>Executive Director (Corporate Centre)</td> <td>4/4</td> <td>-</td> </tr> <tr> <td>Shri Rajiv Anand</td> <td>Executive Director (Wholesale Banking)</td> <td>4/4</td> <td>-</td> </tr> <tr> <td>Shri T. C. Suseel Kumar¹</td> <td>Non-Executive (Nominee Director - LIC)</td> <td>1/1</td> <td>50,000</td> </tr> </tbody> </table>	Name of the Members	Designation	Attendance	Sitting fees (in ₹)	Shri Rakesh Makhija, Chairman	Independent Director	4/4	2,00,000	Shri Rajesh Dahiya	Executive Director (Corporate Centre)	4/4	-	Shri Rajiv Anand	Executive Director (Wholesale Banking)	4/4	-	Shri T. C. Suseel Kumar ¹	Non-Executive (Nominee Director - LIC)	1/1	50,000
Name of the Members	Designation	Attendance	Sitting fees (in ₹)																		
Shri Rakesh Makhija, Chairman	Independent Director	4/4	2,00,000																		
Shri Rajesh Dahiya	Executive Director (Corporate Centre)	4/4	-																		
Shri Rajiv Anand	Executive Director (Wholesale Banking)	4/4	-																		
Shri T. C. Suseel Kumar ¹	Non-Executive (Nominee Director - LIC)	1/1	50,000																		

1. Appointed as a Member, with effect from 14 December, 2020.

Corporate Governance

10. REVIEW COMMITTEE

Composition	The Review Committee of the Board of Directors of the Bank (RC) comprises of 3 members out of which 2 are Independent Directors.			
	1.	Shri Amitabh Chaudhry, Chairman		
	2.	Shri S. Vishvanathan		
	3.	Smt. Ketaki Bhagwati		
Brief description of the Charter	i)	To review and confirm the Order(s) passed by the Internal Committee identifying a borrower as a Wilful Defaulter, in terms of Para 3 (c) of RBI Master Circular No. RBI/2015-16/100 DBR.No.CID. BC.22/20.16.003/2015-16 dated 1 July, 2015.		
	ii)	To review and confirm the Order(s) passed by the Internal Committee identifying a borrower as a Non-cooperative borrower, in terms of Para 2 (d) of RBI Circular No. RBI/2014-15/362 DBR.No.CID. BC.54/20.16.064/2014-15 dated 22 December, 2014.		
	iii)	To review the information relating to the non-cooperative borrowers to be submitted to Central Repository of Information on Large Credits (CRILC).		
	iv)	To put in place a system for proper and timely classification of borrowers as wilful defaulters or / as non-cooperative borrowers and review the efficacy of the said system at-least on an annual basis.		
Meetings	In all 3 meetings of RC were held during the Financial Year 2020-21 i.e. on 22 September, 2020, 22 January, 2021 and 17 March, 2021.			
Attendance and Sitting fees during the year 2020-21	Name of the Members	Designation	Attendance	Sitting fees (in ₹)
	Shri Amitabh Chaudhry, Chairperson	Managing Director & CEO	3/3	-
	Shri S. Vishvanathan	Independent Director	3/3	1,50,000
	Smt. Ketaki Bhagwati	Independent Director	3/3	1,50,000

11. ACQUISITIONS, DIVESTMENTS & MERGERS COMMITTEE

Composition	The Acquisitions, Divestments and Mergers Committee of the Board of Directors of the Bank (ADAM) comprises of 4 members out of which 3 are Independent Directors.			
	1.	Smt. Ketaki Bhagwati, Chairperson		
	2.	Shri Amitabh Chaudhry		
	3.	Shri Rakesh Makhija		
	4.	Smt. Meena Ganesh		
	Smt. Meena Ganesh was appointed as a Member of the ADAM, with effect from 25 August, 2020.			
	Shri Rohit Bhagat ceased to be a Member and Chairman of the ADAM, with effect from 16 January, 2021.			
	Smt. Ketaki Bhagwati was appointed as the Chairperson of the ADAM, with effect from 16 January, 2021.			
Brief description of the Charter	i)	The main function of the Committee is to consider any idea or proposal relating to merger, acquisition and divestments. The Committee will consider such ideas / proposals and give its in-principle approval in the matter and recommend the same for the approval of the Board of Directors.		
	ii)	Acquisition of business: Business takeover / acquisition as distinct from portfolio or asset purchase (If the purchase of a portfolio is accompanied by other integral elements of the business such as manpower, technology or a distribution franchise, a reference should be made to the Committee).		
	iii)	Strategic investments: Acquisition of greater than 25% stake in a company or acquisition of stake in a company where the proportion is 25% or lower but where the Bank intends to have management participation. Equity / Equity linked investment in a Company / Subsidiary Company if the overall amount is in excess of ₹500 crores. (These excludes cases where the stake is acquired under a loan-restructuring / CDR arrangement or where shares are pledged to the Bank against credit facilities).		
	iv)	Strategic divestments: Sale of an existing business of the Bank (as distinct from the sale of assets in the normal course of business, sale to ARCs and fixed assets) or sale of greater than 25% stake in a Company / Subsidiary Company of the Bank and Equity / Equity linked Divestment in a Company / Subsidiary Company if the overall amount is in excess of ₹500 crores.		

Meetings	In all 5 meetings of ADAM were held during the Financial Year 2020-21 i.e. on 22 April, 2020, 20 July, 2020, 18 September, 2020, 23 October, 2020 and 25 January, 2021.			
Attendance and Sitting fees during the year 2020-21	Name of the Members	Designation	Attendance	Sitting fees (in ₹)
	Shri Rohit Bhagat, Chairman ¹	Independent Director	4/4	2,00,000
	Smt. Ketaki Bhagwati Chairperson ²	Independent Director	4/5	2,00,000
	Shri Amitabh Chaudhry	Managing Director & CEO	5/5	-
	Shri Rakesh Makhija	Independent Director	5/5	2,50,000
	Smt. Meena Ganesh ³	Independent Director	3/3	1,50,000

® Leave of absence was granted to the concerned Member who had expressed her inability to attend the respective meeting.

1. Ceased to be a Member and Chairman, with effect from 16 January, 2021.

2. Appointed as the Chairperson, with effect from 16 January, 2021.

3. Appointed as a Member, with effect from 25 August, 2020.

12. COMMITTEE OF WHOLE-TIME DIRECTORS

Composition	<p>The Committee of Whole-Time Directors of the Board of Directors of the Bank (COWTD) comprises of 3 members.</p> <ol style="list-style-type: none"> Shri Amitabh Chaudhry, Chairman Shri Rajiv Anand Shri Rajesh Dahiya <p>Shri Pralay Mondal ceased to be a Member of the COWTD, with effect from the close of business hours on 14 September, 2020.</p>
Brief description of the Charter	<ol style="list-style-type: none"> Issuance of General / Special Power of Attorney to various officials of the Bank and the Subsidiary Companies of the Bank to do such acts, deeds, matters and things as may be considered necessary or appropriate for and on behalf of the Bank. Approve the allotment of equity shares pursuant to exercise of stock option by eligible employees / directors of the Bank and that of its subsidiary companies, in terms of the relevant Employee Stock Option Scheme(s) of the Bank. Approve the allotment of Debt Securities issued by the Bank, including, but not limited to long term bonds, green bonds, non-convertible debentures, perpetual debt instruments, Tier II Capital Bonds or such other Debt Securities / Securities as may be issued by the Bank. To discuss matters inter alia relating to the operations, strategies, business opportunities relating to the Bank and / or that of its subsidiaries. To approve strategic and other investments and divestments up to ₹500 crores. To review and approve any proposals on investment and divestments in the share capital of the existing group entities up to ₹500 crores. Any other matter as may be authorised by the Board of Directors / Board Committees or required to be done pursuant to any laws, rules, regulations or any internal policies of the Bank.
Meetings	<p>In all, 22 meetings of COWTD were held during the Financial Year 2020-21 i.e. on 20 April, 2020, 19 May, 2020, 15 June, 2020, 17 June, 2020, 16 July, 2020, 3 August, 2020, 4 August, 2020, 10 August, 2020 (2 meetings), 11 August, 2020, 20 August, 2020, 21 August, 2020, 22 September, 2020, 25 September, 2020, 19 October, 2020, 23 November, 2020, 23 December, 2020, 18 January, 2021, 19 January, 2021, 15 February, 2021, 18 February, 2021 and 15 March, 2021.</p> <p>No sitting fees are paid to the Members of the COWTD, for participating in the said meetings.</p>

Corporate Governance

Attendance and Sitting fees during the year 2020-21	Name of the Members	Designation	Attendance	Sitting fees (in ₹)
	Shri Amitabh Chaudhry, Chairperson [®]	Managing Director & CEO	21/22	-
	Shri Rajiv Anand [®]	Executive Director (Wholesale Banking)	19/22	-
	Shri Rajesh Dahiya	Executive Director (Corporate Centre)	22/22	-
	Shri Pralay Mondal ^{®1}	Executive Director (Retail Banking)	11/12	-

[®] Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.

1. Ceased to be a Member, with effect from the close of business hours on 14 September, 2020.

Management Committee

The Management Committee (MANCOM), is the key decision-making body of the Bank which has been constituted as part of the governance and administrative structure of the Bank. The MANCOM comprises of the Managing Director & CEO, the Executive Directors, the Group Executives and other senior officials of the Bank.

The MANCOM meets regularly to review matters, inter alia, relating to Business Strategy, Financial Reports, Risk, Compliance, Customer Service, Financial Inclusion, Human Capital and Business Continuity Planning of the Bank.

The MANCOM also discusses cross-functional initiatives, debates on and responds to any material developments (internal and external), ideates and reviews key financial, operational and human capital issues, evaluate performance against the Balance Score Card(s) of the Bank, KRA of key personnel, Business Plans, performance of the subsidiary companies of the Bank, ideate and execute strategies for the Bank / Group companies, review risk assessment reports, inspection / scrutiny reports of regulators, internal auditor, etc.

Special Meeting of Independent Directors

In terms of Para VII to Schedule IV of the Companies Act, 2013, the Independent Directors are required to meet without the presence of Non- Independent Directors and Executive Management, to review the matters as set out therein. During the year under review, the Independent Directors of the Bank met on 29 April, 2020 and 19 November, 2020, inter alia, to review the matters relating to Board performance evaluation as per the criteria recommended by the NRC.

Thereafter, the Independent Directors at its meeting held on 27 April, 2021, evaluated the performance of the Non-Independent Directors, the Board as a whole and the Chairperson of the Bank after taking into account the views of the Executive and Non-Executive Directors of the Bank and also assessed the quality, quantity and timeliness of flow of information between the Management and the Board, in accordance with Para VII to Schedule IV of the Companies Act, 2013.

The senior most Independent Director of the Bank acts as the Chairperson of the meetings of Independent Directors.

Board Performance Evaluation

The Bank believes that the annual performance evaluation at the Board plays a vital role in Board's effectiveness. The performance evaluation of Board, its Committees, Chairperson and Individual Directors was done in compliance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder and the SEBI Listing Regulations relating to Corporate Governance.

As has been the practice, the NRC as the nodal agency finalised the methodology and mechanism for conducting the Board performance evaluation for the Financial Year 2020-21. Online questionnaires were deployed for evaluation of the following:

1. **Board Effectiveness** covering composition & charter of Board / Committees, Risk, Strategy & Operational oversight, and Audit and Compliance. It also included calibration of Board functioning mechanisms and relationship between the Board & Executive Management.
2. **Committees Effectiveness** entailed evaluation of every committee's composition, clarity of terms of reference, fulfillment of assigned functions, two-way communication between the committee and the Executive Management and value added to the Board decisions.

3. **Flow of Information** including regularity & agenda of meetings and timeliness & adequacy of preparatory information.
4. **Chairperson Effectiveness** covering expertise in leveraging the skills & knowledge of Board members, professional & administrative effectiveness in ensuring efficiency & quality of outcomes in Board meetings.
5. **Individual Director Evaluation** through peer feedback on criteria such as knowledge & understanding, willingness to contribute insights, forthrightness, regularity of participation and interpersonal effectiveness.

To enhance objectivity, an external agency was assigned the task of Board performance evaluation to ensure smooth execution and provide an eco-system for candid participation of every Board member.

The outcome of the said performance evaluation was reviewed by the NRC at its meeting held on 23 April, 2021. The Board also reviewed the performance evaluation report and action areas at its meeting held on 28 April, 2021. The Directors were satisfied with the rigour and outcome of Board performance evaluation exercise. The highlights of this year's Board performance evaluation included improved oversight, better risk-preparedness, and managing the complexities arising due to Covid pandemic.

The disclosure in terms of SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2018/79 dated 10 May, 2018, on Board evaluation, is detailed as under:

1. Observations of board evaluation carried out for the year: The following 5 observations emanated from the Board performance evaluation for the Financial Year 2020-21:
 - (i) Continuing Education and Learning Programs for the Board Members.
 - (ii) Chairperson's one to one dialogue to seek feedback from individual Board Members towards raising the bar of collective board performance.
 - (iii) To increase the number of Independent Directors meetings.
 - (iv) Each Committee to identify the key themes for the year which need to be covered in a planned manner. This should help keep focus on important items in addition to routine agenda.
 - (v) A systematic approach to sharing action taken reports of the Board and effective reporting of proceedings and deliberations at the Board Committees, to the Board as a whole.
2. Previous year's observations and actions taken: 4 observations had emanated from the Board performance evaluation for the Financial Year 2019-20. These mainly relate to sharpening of Board agenda, functioning of Committees, continued expertise building among board members and board diversity and skills. The Bank has complied with the said observation, which was also reviewed by the NRC and the Board.
3. Proposed actions based on current year observations: The Bank has accepted all the observations made by the Board emanating from the Board performance evaluation for the Financial Year 2020-21. The status of compliance with the said observations will be reviewed by the NRC and by the Board.

Policy on Training for Board of Directors

The Bank has formulated and adopted the Policy on Training for Board of Directors (the Policy), which aims at providing timely and wholesome orientation and training to its Directors to ensure that they are well versed with business, regulatory and operational aspects of Banking. The said Policy covers Induction Program, Familiarization Program and Continuous Education and Learning Program.

Induction Programme for new Directors

New Directors of the Bank are inducted through one to one meetings with the Managing Director & CEO, Whole-Time Directors and other members of the Senior Management on matters relating to Finance & Budget, Business Strategy, Business Operations – Wholesale Banking, Business Operations – Retail Banking, Risk Management, Compliance & Regulatory Framework, Internal Audit, Human Resources and Information Technology / Cyber Security. They are also provided with information relating to the finances and operations of the Bank, the organisation structure and their roles, duties and responsibilities.

On appointment, the Independent Directors are issued a Letter of Appointment setting out the terms and conditions relating to their appointment and their duties and responsibilities under applicable laws. The said letter is also uploaded on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance>.

Corporate Governance

Familiarisation Programme for Independent Directors

The Bank has conducted the familiarisation programs for its Independent and Non-Executive Directors covering the matters as specified under Regulation 25 (7) of the SEBI Listing Regulations. The details of the same have been uploaded on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/compliance-report>

Continuous Education and Learning Program

In terms of the Continuous Education and Learning Program (CELP) for its Directors, the Bank arranged training programs on Corporate Governance and Emerging Regulatory Trends, Financial Sector developments, Emerging Business and Regulatory environment, Fin-tech, Cyber Security and KYC / AML.

The topics on which training is to be imparted as part of the CELP for Financial Year 2021-22, would be based on the outcome of the Board evaluation conducted by the Bank, for the Financial Year 2020-21.

Remuneration Policy

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 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 that both internal and external equity are in line with the emerging market trends.

The Bank has formulated and adopted the Remuneration Policy for Non-Executive Chairman and Non-Executive Directors of the Board and the Remuneration Policy for MD & CEO, Whole-Time Directors, Material Risk Takers, Control Function Staff and other employees of the Bank, in terms of the provisions of Section 178 of the Companies Act, 2013, the relevant Rules made thereunder, Regulation 19 of the SEBI Listing Regulations and Guidelines on Compensation of Whole-Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff, issued by the RBI on 4 November, 2019.

During the year, the said Policies were reviewed and approved by the NRC and the Board and the same have been hosted on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/Compliance-Report>, in terms of the SEBI Listing Regulations.

The remuneration paid to all the employees / MD & CEO / Whole-Time Directors of the Bank, for the financial year 2020-21, is in accordance with the Remuneration Policy for MD & CEO, Whole-Time Directors, Material Risk Takers, Control Function Staff and other employees of the Bank.

Remuneration of Directors

- i. Shri Rakesh Makhija was appointed as the Non-Executive (Part-Time) Chairman of the Bank, with effect from 18 July, 2019. The details of remuneration paid to Shri Rakesh Makhija, in terms of the approvals granted by the Reserve Bank of India and the Shareholders of the Bank for the period from 1 April, 2020 up to 31 March, 2021 (both days inclusive), is as under:

For the period	1 April, 2020 up to 31 March, 2021 (both days inclusive)
Remuneration	2,75,000 per month
Company Car	Free use of Bank's Car for official and private purposes
Touring	Travelling and Official expenses to be borne by the Bank for Board functions as a Chairperson
Sitting Fees	As payable to other Non- Executive Directors

- ii. The details of remuneration paid to Shri Amitabh Chaudhry as the Managing Director & CEO of the Bank, for the period from 1 April, 2020 up to 31 March, 2021, in terms of the approvals granted by the RBI and the Shareholders of the Bank, are given below in sub para viii.

Shri Amitabh Chaudhry was granted 16,55,000 stock options, under the Employee Stock Option Scheme of the Bank, since 1 January, 2019 being the date of his appointment as the Managing Director & CEO of the Bank. Out of the above, 7,90,500 stock options have been vested, no stock options have been exercised and 7,90,500 stock options remain unexercised, as on 31 March, 2021. Further, 8,64,500 stock options remain unvested, as on 31 March, 2021.

- iii. Shri Rajiv Anand was re-appointed as the Executive Director (Wholesale Banking) of the Bank, for a period of 3 years, with effect from 4 August, 2019 up to 3 August, 2022. The details of the remuneration paid to Shri Rajiv Anand during the year under review, in terms of the approvals granted by the RBI and the Shareholders of the Bank, are given below in sub-para viii.

Shri Rajiv Anand was granted 29,20,000 stock options, in various tranches under the various Employee Stock Option Schemes of the Bank, since 30 March, 2009 being the date of his appointment as the Managing Director & CEO of Axis Asset Management Company Limited, subsidiary of the Bank. Out of the above, 23,85,000 stock options have been vested, 11,65,000 stock options have been exercised and the balance 12,20,000 stock options remain unexercised, as on 31 March, 2021. Further, 5,35,000 stock options remain unvested, as on 31 March, 2021.

- iv. Shri Rajesh Dahiya was re-appointed as the Executive Director (Corporate Centre) of the Bank, for a period of 3 years, with effect 4 August, 2019 up to 3 August, 2022. The details of the remuneration paid to Shri Rajesh Dahiya during the year under review, in terms of the approvals granted by the RBI and the Shareholders of the Bank, are given below in sub-para viii.

Shri Rajesh Dahiya was granted 19,62,500 stock options, in various tranches under the various Employee Stock Option Schemes of the Bank, since 1 June, 2010 being the date of his appointment as the President (Human Resources) of the Bank. Out of the above, 15,32,000 stock options have been vested, 6,85,000 stock options have been exercised and the balance 8,47,000 stock options remain unexercised, as on 31 March, 2021. Further 4,30,500 stock options remain unvested, as on 31 March, 2021.

- v. Shri Pralay Mondal resigned from the services of the Bank and accordingly ceased to be the Executive Director (Retail Banking) of the Bank, with effect from the close of business hours on 14 September, 2020. The details of the remuneration paid to Shri Pralay Mondal for the period from 1 April, 2020 upto 14 September, 2020, in terms of the approvals granted by the RBI and the Shareholders of the Bank, are given below in sub-para viii.

Shri Pralay Mondal was granted 3,50,000 stock options under the various Employee Stock Option Schemes of the Bank, since 1 April, 2019 being the date of his appointment as Group Executive of the Bank. Out of the above, 1,05,000 stock options have been vested. As on 14 September, 2020, 2,45,000 stock options were unvested, which stands cancelled pursuant to the resignation. Further, 1,05,000 vested stock options were not exercised within the exercise period stipulated under the Employee Stock Option Scheme of the Bank, hence the same were cancelled.

- vi. The Bank does not grant stock options to its Non-Executive Directors. The Non-Executive Directors of the Bank receive sitting fees for the meetings of the Board / Committees, attended by them and Profit Linked Commission (except for Non-Executive (Part-Time) Chairperson), in terms of the RBI circular No DBR.No.BC.97/29.67.001/2014-15 dated 1 June, 2015 on Guidelines on Compensation of Non-Executive Directors of Private Sector Banks.
- vii. The Whole-Time Directors of the Bank are not entitled to receive any sitting fees from the Bank or from its Subsidiary Companies, for attending meetings of the Board and its Committees. Further, the Whole-Time Directors of the Bank do not receive any remuneration or commission from any of the subsidiary companies of the Bank.
- viii. The details of remuneration paid to the Whole-Time Directors of the Bank during the financial year 2020-21, in terms of the approvals granted by the RBI and the Shareholders of the Bank, are as under:

Particulars	Shri Amitabh Chaudhry	Shri Rajiv Anand	Shri Rajesh Dahiya	Shri Pralay Mondal*
	[1.4.2020 to 31.3.2021]	[1.4.2020 to 31.3.2021]	[1.4.2020 to 31.3.2021]	[1.4.2020 to 14.9.2020]
Salary (Basic)	3,87,54,000	1,85,93,952	1,65,39,850	77,55,440
Leave Fare Concession facility	10,00,000	5,50,000	5,50,000	2,50,554
House Rent Allowance	1,07,65,000	61,36,004	54,58,151	25,59,297
Variable pay (for 2019-20)	-	-	-	-
Superannuation Allowance / Fund	38,75,400	18,59,395	16,53,985	7,75,545
Perquisites (excluding ESOP)	84,83,025	24,55,687	23,39,758	1,80,651
Provident Fund (Bank Contribution)	12% of Basic Pay	12% of Basic Pay	12% of Basic Pay	12% of Basic Pay
Gratuity	One month's salary for each completed year of service	One month's salary for each completed year of service	One month's salary for each completed year of service	One month's salary for each completed year of service
Leave Encashment	21,53,000	3,61,549	6,89,161	47,289

* Ceased to be the Executive Director (Retail Banking) of the Bank, with effect from the close of business hours on 14 September, 2020.

Corporate Governance

Perquisites (evaluated as per Income Tax Rules, 1962, wherever applicable, or otherwise at actual cost to the Bank) such as Bank's furnished accommodation, electricity, water and furnishings, club fees, personal accident insurance, loans, use of car and telephone at residence, medical reimbursement, travelling and halting allowances, newspapers and periodicals and others were provided in accordance with the Rules of the Bank.

The Bank as a policy, does not pay any severance fees to its Managing Director & CEO or to its Whole-Time Directors. The tenure of the office of the Managing Director & CEO and the Whole-Time Directors of the Bank is for a period of three years from date of their respective appointment / re-appointment, as approved by the RBI and the same can be terminated by either party by giving three months' notice in writing. The termination of services of the Managing Director & CEO and the Whole-Time Directors of the Bank shall be in compliance with the provisions of Section 35B of the Banking Regulation Act, 1949.

- ix. All the Non-Executive Directors of the Bank were paid sitting fees of ₹1,00,000 for every meeting of the Board, NRC, ACB, COD, RMC and IT Committee and ₹50,000 for every meeting of other Committees of the Board attended by them.
- x. The details of the sitting fees paid to the Non-Executive Directors of the Bank during the financial year 2020-21, are as under:

Name of the Directors	(in ₹)
Name of the Directors	Sitting Fees
Shri Rakesh Makhija	33,50,000
Shri Rohit Bhagat (Ceased to be an Independent Director of the Bank, with effect from the close of business hours on 15 January, 2021)	16,00,000
Shri S. Vishvanathan	34,00,000
Smt. Ketaki Bhagwati	28,50,000
Shri B. Baburao (Ceased to be a Nominee Director of the Bank, with effect from 22 January, 2021)	25,00,000
Shri Stephen Pagliuca	8,00,000
Shri Girish Paranjpe	32,00,000
Shri T.C. Suseel Kumar* (Appointed as a Nominee Director of the Bank, with effect from 1 July, 2020.)	9,50,000
Smt. Meena Ganesh (Appointed as an Independent Director of the Bank, with effect from 1 August, 2020.)	14,50,000
Shri G. Padmanabhan (Appointed as an Independent Director of the Bank, with effect from 28 October, 2020.)	14,00,000
Shri Ashish Kotecha (Appointed as an Alternate Director to Shri Stephen Pagliuca, Non-Executive (Nominee Director) of the Bank, with effect from 1 November, 2020.)	4,00,000
Smt. Vasantha Govindan** (Appointed as a Nominee Director of the Bank with effect from 27 January, 2021.)	3,50,000
Total	2,22,50,000

* The sitting fees in respect of the meetings of the Board and Committee held till 31 January, 2021, were credited to the designated bank account of Life Insurance Corporation of India. Thereafter, in respect of the meetings of the Board and Committees held from 1 February 2021, the sitting fees were credited to the bank account of Shri T. C. Suseel Kumar.

** The sitting fees were credited to the designated bank account of SUUTI.

- xi. Apart from Shri T.C. Suseel Kumar who holds 50 equity shares of ₹2 each of the Bank and relatives of Smt. Meena Ganesh who holds 2,593 equity shares of ₹2 each of the Bank, none of the Non-Executive Directors of the Bank or their immediate relatives held any equity share or convertible instrument of the Bank, as on 31 March, 2021.
- xii. In light of the challenging external environment posed by COVID -19 pandemic, no profit related commission was paid to the Non-Executive Directors of the Bank for the FY 2019-20. The Non-Executive (Part-Time) Chairman of the Bank is not entitled to profit related commission, as per the extant RBI norms.

Fees paid to Statutory Auditors

The details of fees for all services availed by the Bank and its subsidiaries, on a consolidated basis, from the Statutory Auditors, M/s Haribhakti & Co. LLP and all entities in the network firm/ network entity of which M/s Haribhakti & Co. LLP is part thereof, during the FY 2020-21, is detailed as under:

		(in ₹)
Sr. No.	Particulars	Amount ¹
1	Audit Fees	2,00,00,000
2	Fees for certification and other attest services ²	3,97,00,000
3.	Non Audit Fees	-
Total		5,97,00,000

1. The above fees excludes taxes, clerkage fees and out of pocket expenses.

2. The services of M/s Haribhakti & Co. LLP have been obtained during the normal course of business for compliance with statutes and the guidelines of various regulators like SEBI, RBI etc. which specifically require the statutory auditor to undertake these activities and are not in the nature of management assurance. These also include fees classified under share issue expenses towards certification services in respect of capital raised during the year and fees for update of the Bank's MTN Program.

The said fees have been reviewed and approved by the ACB and that of the concerned Subsidiary Companies of the Bank.

Details of utilisation of funds raised through preferential allotment or qualified institutional placement

During the year, the Bank raised ₹10,000 crores through Qualified Institutional Placement. The said funds were raised to further strengthen CET 1 ratio and be well placed to deal with the COVID impact of business from a position of strength, while ensuring that there is capital to support growth as economy revives.

As required under the SEBI Listing Regulations, relating to Corporate Governance, the ACB at its meeting held on 28 October, 2020, has reviewed and confirmed that the Bank has utilised the said funds for the above-mentioned purposes and there is no deviation in utilization of the said funds.

Disclosure in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank has formulated and adopted a Policy on Prevention of Sexual Harassment at Workplace and takes all necessary measures to ensure a harassment-free workplace and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment. The Bank believes that all employees, including other individuals who are dealing with the Bank have the right to be treated with dignity.

The following is the summary of sexual harassment complaints received and disposed off by the Bank, during the financial year 2020-21:

- i. Number of complaints of sexual harassment filed during the financial year: **39**
- ii. Number of complaints disposed off during the financial year: **35**
- iii. Number of complaints pending as on the end of the financial year: **4**

Number of workshops / awareness programs conducted against sexual harassment - **34**

Nature of action taken by the Employer or District Officer- As per the Bank's Staff Rules.

The said Committee is empowered to take appropriate disciplinary action against the employee(s) who is found to have violated the norms prescribed under the said Policy.

Whistleblower Policy & Vigil Mechanism

A central tenet in the Bank's Policy on Corporate Governance is commitment to ethics, integrity, accountability and transparency. To ensure that the highest standards are maintained in these aspects on an on-going basis and to provide safeguards to various stakeholders, the Bank has formulated a Whistle-blower Policy and Vigil Mechanism which is in compliance with the relevant provisions of Section 177(9) of the Companies Act, 2013, Rules made thereunder and Regulation 4(2)(d) and Regulation 22 of the SEBI Listing Regulations.

The Policy provides an opportunity to address serious concerns arising from irregularities, malpractices and other misdemeanors committed by the Bank's personnel by approaching a Committee set-up for the purpose (known as the Whistle-blower Committee). In case, Senior Management commits an offence, the Policy enables the Bank's staff to report the concerns directly to the Chairperson of the ACB.

Corporate Governance

The Policy is intended to encourage reporting of suspected or actual occurrence of illegal, unethical or inappropriate actions, behavior or practices by staff without fear of retribution. This Policy can be used regularly as a tool to voice concerns on irregularities, malpractices and other misdemeanors.

To ensure smooth flow and management of complaints under Whistle-blower Policy, a web-based application - 'Corporate Whistle-blower' has been set up which also provides an option for anonymous reporting thereby enabling lodging of complaints online over a secure platform without fear of revelation of identity. This would create a business culture of honesty, integrity and compliance and would encourage speaking up so that preventive action is initiated.

It is hereby affirmed that the Bank has not denied any of its personnel access to the Chairperson of the ACB and that the Policy contains adequate provisions for protecting Whistle blowers from unfair termination and other unfair prejudicial and employment practices.

The ACB has reviewed, on a quarterly basis, a synopsis of the complaints received and the resolution thereof under the said Policy.

The details of the Whistle-blower Policy and Vigil Mechanism are available on the Bank's website at <https://axisbank.whistleblownetwork.net/>.

Subsidiary Companies

As on 31 March, 2021, the Bank does not have any unlisted Indian subsidiary company, which could be deemed to be a material subsidiary, in terms of Regulation 16(1)(c) of the SEBI Listing Regulations.

Further, the minutes of the meetings of the Board of all its unlisted subsidiary companies of the Bank are tabled at the meetings of the Board of the Bank, for its review. Also, the minutes of the meetings of the Audit Committee of the Board of unlisted subsidiary companies of the Bank are tabled at the meetings of the ACB for its review.

The Statement of significant transactions / arrangements, if any, entered into by the unlisted subsidiary companies of the Bank are also tabled at the meetings of the Board of the Bank, for its review.

The ACB also reviews the investments, if any, made by the Bank in its subsidiaries, exceeding ₹100 crores or 10% of the asset size of the concerned subsidiary company, whichever is lower, including existing investments.

Policy for determining 'Material' Subsidiaries

As required under Regulation 16(1)(c) of the SEBI Listing Regulations, the Bank has formulated and adopted a Policy for determining 'Material' Subsidiaries. During the year, the Policy for determining 'Material' Subsidiaries has been reviewed by the RMC and the Board and the same has been hosted on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance>.

Subsidiary Governance Unit

The Bank has nine subsidiary companies and one step down subsidiary company offering a wide spectrum of financial products and services. The Bank has consistently focused on an overarching governance mechanism for subsidiaries through a set of board approved oversight policies to ensure strategic and policy alignment across the Group besides ensuring group level synergy. All matters relating to subsidiary governance is overseen by the Board and Board Committees and operationalized under the aegis of Subsidiary Management Committee.

The Bank has put in place a comprehensive subsidiary engagement framework encompassing functional alignment areas viz. risk, compliance, audit, finance, human resources, information technology and legal as well as more integrative domains viz. cyber security, brand usage and marketing, corporate communication with the end objective of delivering 'One Axis' across the Group.

Performance of each subsidiary is reviewed by the Managing Director & CEO of the Bank, also a detailed presentation by one subsidiary in each quarter is presented to the Board. At least one member of the Management Committee is nominated on the board of the subsidiary company. The said member(s) is / are responsible for reviewing the matters relating to strategy, business plan and performance of the concerned subsidiary company.

Policy for Related Party Transactions

As required under Regulation 23 of the SEBI Listing Regulations, the Bank has formulated and adopted a Policy on dealing with Related Party Transactions. During the year, the Policy on Related Party Transactions has been reviewed by the ACB and the Board and the same has been hosted on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/Compliance-Report>, in terms of the SEBI Listing Regulations.

Directors and Officers insurance

The Bank has in place a Directors and Officers Liability Policy (D & O Policy) for all its Directors. The Policy covers management liability, company securities, investigation cost, non-executive Directors protection, investigation, extradition, outside directorship, bodily injury and property damage defense costs, assets and liberty etc.

Insider Trading norms

The Securities and Exchange Board of India ("SEBI") on 17 July, 2020 vide SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2020 amended certain provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (the "Insider Trading Regulations") relating to the Maintenance of Structured Digital Database, reporting of non-compliance to Stock Exchange instead of SEBI, and remittance of amount collected pursuant to any sanction and disciplinary actions initiated by listed companies to the SEBI to be credited to the Investor Protection and Education Fund.

Further, SEBI vide its circular no. SEBI/HO/ISD/ISD/CIR/P/2020/135 dated 23 July, 2020 revised the format for reporting of violations under the Code of Conduct under the Insider Trading Regulations.

The Bank has accordingly reviewed and amended relevant provisions of the Share Dealing Code and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) of the Bank, in line with the amended Insider Trading Regulations.

The Bank has formulated and adopted the Policy for Determination of Materiality of Events / Information of the Bank, in terms of Regulation 30 of the SEBI Listing Regulations. During the year the said Policy was subjected to an annual review and amendments as mandated under extant norms, were reviewed and approved by the Board.

The Policy for Determination of Materiality of Events / Information and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) of the Bank have been uploaded on the website viz. <https://www.axisbank.com/shareholders-corner/corporate-governance>, in compliance with the said Regulations.

The Bank has put in place adequate and effective systems, internal controls and processes, to ensure compliance with the provisions of the Share Dealing Code, the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) and the Insider Trading Regulations.

Compliance Certificate

Pursuant to Regulation 17(3) of SEBI Listing Regulations, a quarterly confirmation on laws applicable to the Bank is obtained from the relevant Heads of Departments by the Compliance Department. In this regard, a report duly signed by the Chief Compliance Officer of the Bank confirming compliances with applicable laws, is placed before the ACB, on a quarterly basis.

Secretarial Standards

The Bank is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, from time to time.

Directors E-KYC

The Ministry of Corporate Affairs (MCA) has vide amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014, mandated registration of KYC of all the Directors through e-form DIR-3 KYC. All Directors of the Bank have complied with the said requirement.

(5) Disclosures

There were no related party transactions which were of a materially significant nature undertaken by the Bank with its promoters, directors or management, their subsidiaries or relatives that may have a potential conflict with the interests of the Bank.

The Members of the Senior Management of the Bank have affirmed that they have not entered into any material, financial or commercial transaction wherein they have personal interest and which may potentially conflict with the interest of the Bank at large.

There are no instances of non-compliance by the Bank or penalties and strictures imposed by the Stock Exchange(s) or SEBI or other statutory authorities on any matter related to capital markets during the last three years, except the following:

- (i) SEBI vide its letter dated 28 April, 2020 issued an administrative warning for not intimating it on appointment of Compliance Officer (Merchant Banking) and that the Compliance Officer did not have the required NISM certification, as observed during the inspection of the Bank as 'Merchant Banker'. The Bank has appointed new Compliance Officer (Merchant Banking) who has the required NISM certification. The same has been informed to SEBI.

Corporate Governance

- (ii) SEBI vide its letter dated 28 December, 2020, observed delay in making disclosures by the Bank under the SEBI (Prohibition of Insider Trading) Regulations, 2015 and in this regard has informed the Bank that the matter has been viewed seriously and has warned the Bank to be careful in future to avoid recurrence of such instances and to be more cautious in filing disclosures, failing which action may be initiated in accordance with the provisions of the SEBI Act, 1992 and Rules and Regulations framed thereunder.
- (iii) SEBI issued a Summary Settlement Notice dated 28 December, 2020 in relation to an alleged default under Regulation 7(2)(b) of the SEBI (Prohibition of Insider Trading), Regulations, 2015. The Bank without admitting or denying the findings of facts and conclusions of law submitted a settlement application on 29 January, 2021 to SEBI, in accordance with the provisions of the SEBI (Settlement Proceedings) Regulations, 2018 and paid the settlement amount of ₹41.43 lacs.
Thereafter, SEBI passed a Settlement Order dated 15 February, 2021 (the Settlement Order), consequent to which the proceedings to be initiated for the alleged default was disposed- off and the matter stands settled.
- (iv) SEBI carried out inspection of the DDP activities of the Bank for the financial year 2018-19 and issued Administrative Warning and Deficiency Letter for contravention with Regulation 31(2)(a), 32(1) of SEBI (FPI) Regulations 2019 and for contravention with para 2.3 of SEBI Circular CIR/IMD/FIIC/09/2014 dated 28 April, 2014. The Bank has submitted its response on 25 February, 2021.
- (v) The Bank received a Show Cause Notice from SEBI vide E-mail dated 3 March, 2021, issued under Rule 4 of the SEBI (Procedure for Holding inquiry and imposing penalties) Rules, 1995. As per the Regulation 27 of SEBI (Merchant Bankers) Regulations, 1992, the Merchant Banker is required to submit to SEBI complete particulars of any transaction for acquisition of securities of any body corporate whose issue is being managed by that merchant banker within fifteen days from the date of entering into such transaction. During the review of Debt Capital Market business of the Bank in December, 2019, it was observed that the Bank had inadvertently failed to report transactions as required under Regulation 27 of SEBI (Merchant Bankers) Regulations, 1992. The Bank had submitted response to SCN vide E-mail dated 16 March, 2021. Further, the Bank was granted time till 4 May, 2021 to make additional submissions in the matter at the hearing conducted on 26 April, 2021, through video conference with respect to the Adjudication Proceedings in the above matter.
- (vi) SEBI carried out inspection of the Custodian activities of the Bank for the financial year 2018-19 and issued Administrative Warning and Deficiency Letter for contravention with clauses 1, 2, 3 and 10 of the Code of Conduct prescribed at Regulation 12 of the SEBI (Custodian) Regulations, 1996. The Bank has submitted its response on 6 April, 2021.

The Secretarial Auditor has certified that none of the Directors of the Bank have been debarred or disqualified from being appointed or continuing as a Director of the Bank by SEBI / Ministry of Corporate Affairs or any other Statutory / Regulatory Authority. The said certificate is annexed to this Report.

(6) Compliance with Governance Norms

The Bank has complied with all the mandatory requirements, as prescribed under the SEBI Listing Regulations relating to Corporate Governance.

The Bank has also adopted the non-mandatory requirements relating to (i) maintenance of Chairperson's Office at the Bank's expense and reimbursement of expenses incurred by the Non-Executive Chairperson in performance of his duties, (ii) moving towards a regime of financial statements with unmodified audit opinion and (iii) Chief Audit Executive directly reporting to the ACB.

The Bank has obtained a certificate from M/s Haribhakti & Co. LLP, Chartered Accountants, Mumbai, (Registration No.103523W/W100048) confirming that the Bank has complied with all the mandatory requirements as stipulated under the SEBI Listing Regulations relating to Corporate Governance. The said certificate is enclosed as an annexure to the Directors' Report.

(7) Codes of Conduct

The Board has formulated and adopted the Code of Conduct and Conflict of Interest Norms for the Board of Directors, and the Code of Conduct and Ethics of the Bank (the Code of Ethics), in terms of Regulation 17(5) of the SEBI Listing Regulations relating to Corporate Governance.

The Code of Conduct and Conflict of Interest Norms for the Board of Directors provides for Do's and Don'ts to be followed by the Directors of the Bank and also contains norms with respect to conflict of interest, skill development, health,

confidentiality, insider trading and sexual harassment etc. During the year, the amendments to the said Code were reviewed and approved by the Board.

The Code of Ethics is a statement of the Bank's commitment to integrity and the highest standards of ethical practices. It defines the standards of conduct that is expected of all employees in order that the right decisions are taken in performing their roles and responsibilities across various functions in the Bank.

The Code of Ethics is intended to be the charter for day-to-day work, to enable employees to make the right decisions and, therefore, serves to (1) underline the fundamental commitment to compliance with regulatory guidelines and laws of the land, (2) set forth basic parameters of ethical and acceptable social behavior, and (3) establish a system for detection and reporting of known or suspected ethical or violations of regulations.

The said Codes have been hosted on the website of the Bank viz. <https://www.axisbank.com/shareholders-corner/corporate-governance>, in compliance with the SEBI Listing Regulations, relating to Corporate Governance.

The certificate issued by the Managing Director & CEO of the Bank confirming that all the Directors and Members of the Senior Management of the Bank have affirmed compliance with the said Codes as applicable to them, is annexed to this Report.

Corporate Governance

COMPLIANCE WITH CODE OF CONDUCT AND CONFLICT OF INTEREST NORMS IN RESPECT OF BOARD OF DIRECTORS AND THE CODE OF CONDUCT AND ETHICS OF THE BANK, FOR THE FINANCIAL YEAR 2020-21

I confirm that for the year under review, all the Directors and Members of the Senior Management of the Bank, have affirmed compliance with the said Codes, as applicable to them.

Amitabh Chaudhry
Managing Director & CEO

Place: Mumbai
Date: 28 April, 2021

GENERAL SHAREHOLDER INFORMATION

[Pursuant to Regulation 34(3) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations)]

27th Annual General Meeting (AGM)

Day / Date / Time	The day / date / time of the AGM and matters related thereto will be decided by the Board of Directors of the Bank (the Board) at its ensuing meeting and the details thereof will be communicated to the Members of the Bank, in accordance with the extant norms.
Mode	
E – voting dates	
Participation through video-conferencing	

Financial Year

The Bank follows the financial year starting from 1 April, to 31 March, every year.

Compliance Calendar

The schedule of the meetings of the Board to be held to inter alia review and approve the unaudited / audited financial results of the Bank, in respect of the financial year 2021-22, in terms of Regulation 33(3)(a), (d) and (f) of the SEBI Listing Regulations, are as under:

Purpose	Venue	Tentative Date
Unaudited Financial Results (standalone and consolidated) of the Bank, for the quarter ending 30 June, 2021	Corporate Office	Fourth week of July 2021
Unaudited Financial Results (standalone and consolidated) of the Bank, for the quarter / half year ending 30 September, 2021	Corporate Office	Fourth week of October 2021
Unaudited Financial Results (standalone and consolidated) of the Bank, for the quarter / nine months ending 31 December, 2021	Corporate Office	Fourth week of January 2022
Audited Annual Financial Results (standalone and consolidated) of the Bank, for the financial year ending 31 March, 2022	Corporate Office	Last week of April 2022

After the said financial results of the Bank are reviewed and approved by the Board, the same will be disclosed to the Stock Exchange(s) within the prescribed time limits as stipulated under Regulation 30 read with sub-para 4 of Para A of Part A of Schedule III of the SEBI Listing Regulations. Post declaration of the financial results, the management of the Bank holds conference calls with the Analysts / Media, on the said financial results.

Dividend

The Board at its meeting held on 27 April, 2021 considered it prudent to not propose any dividend for the financial year ended 31 March, 2021, in light of the situation developing around COVID-19 in the country and related uncertainty arising therefrom.

Unclaimed Dividends

Pursuant to the provisions of Section 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Authority Rules), the amount of unpaid dividends that are lying unclaimed for a period of 7 consecutive financial years from the date of its transfer to the unpaid dividend account, is liable to be transferred to the Investor Education & Protection Fund Authority (IEPF Authority). Accordingly, unclaimed dividend amounting to ₹ 63,48,528/- in respect of the financial year 2012-13 was transferred by the Bank to the IEPF Authority, on 23 September, 2020, in compliance with the IEPF Authority Rules.

Further, please note that the unclaimed dividend in respect of the financial year 2013-14 must be claimed by the concerned shareholders on or before 2 August, 2021, failing which it will be transferred to the IEPF Authority, in accordance with the IEPF Authority Rules.

Corporate Governance

The details of the unclaimed dividends as on 31 March, 2021 and the last date for claiming the same, prior to its transfer to the IEPF Authority, are as under:

Financial year	No. of Shareholders	Unclaimed dividend as on 31 March, 2021 (In ₹)	% to total dividend declared	Total Amount of Dividend Declared (In ₹)	Date of declaration	Last date for claiming dividend prior to its transfer to the IEPF
2013-14	3,128	71,66,320	0.08	9,42,60,65,680	27-06-2014	02-08-2021
2014-15	6,322	90,69,033	0.08	10,92,77,37,078	24-07-2015	29-08-2022
2015-16	9,127	1,15,23,945	0.10	11,93,76,13,965	22-07-2016	28-08-2023
2016-17	9,611	1,30,77,690	0.11	11,98,58,43,545	26-07-2017	31-08-2024
2017-18	No Dividend Declared					
2018-19	7,407	19,86,808	0.08	2,61,95,95,388	20-07-2019	25-08-2026
2019-20	No Dividend Declared					
Total	35,595	4,28,23,796	0.09	46,89,68,55,656		

Transfer of Underlying Equity Shares in respect of the Unclaimed Dividends to the IEPF Authority Account

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 and the relevant provisions of the IEPF Authority Rules, as amended, from time to time, the unclaimed dividend for the financial year 2012-13 and the underlying equity shares of the Bank, in respect of the said financial year (where the dividends for the seven consecutive financial years from the date of its transfer to the unpaid dividend account, have not been claimed by the concerned shareholders), were liable to be transferred by the Bank to the designated account of the IEPF Authority.

Accordingly, pursuant to the notification of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2017 (the IEPF Second Amendment Rules), issued by the Ministry of Corporate Affairs (MCA), the Bank transferred 9,15,677 underlying equity shares of ₹ 2/- each of the Bank, in respect of the said unclaimed dividend, as on 31 March, 2021, to the IEPF Authority, in compliance with the IEPF Second Amendment Rules.

The unclaimed dividend(s) for the financial year 2012-13 and the underlying equity shares, as aforesaid, can be claimed by the concerned shareholder(s) of the Bank from the IEPF Authority, subject to compliance with the procedures as prescribed under the said Rules and they may write to KFin Technologies Private Limited (KFIN), Registrar & Share Transfer Agent of the Bank at einward.ris@kfintech.com, for any assistance, in this regard.

Unclaimed Dividends for the financial years 2013-14 up to 2019-20

The shareholder(s) of the Bank are requested to verify details of their unclaimed dividends in respect of the financial years 2013-14 up to 2019-20 and lodge their claim with KFIN, prior to the date of its transfer by the Bank, to the IEPF Authority, as aforesaid.

In case the unclaimed dividend(s) for the financial year 2013-14 is not claimed on or before 2 August, 2021, the said unclaimed dividend(s) along with the underlying equity share(s) of the Bank in respect of the said financial year [where the dividends have not been claimed by the concerned shareholders for seven consecutive financial years] will be liable to be transferred by the Bank to the account of the IEPF Authority, in accordance with the IEPF Second Amendment Rules.

Concerned shareholder(s) of the Bank may write to KFIN at einward.ris@kfintech.com, for any assistance, in this regard.

Unclaimed Equity Shares

The Bank does not have any of its shares in the unclaimed suspense account, as on 31 March, 2021.

Guidelines to claim unclaimed Dividends / Shares

The detailed guidelines for claiming Unclaimed Dividends / Shares which have been transferred to the designated account of the IEPF Authority, in accordance with the said Rules, is available on the website of the Bank at <https://www.axisbank.com/shareholders-corner/financial-results-and-other-information/public-notice/investor-faqs>.

Equity Shares

The equity shares of the Bank are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The International Security Identification Number (ISIN) in respect of the said equity shares is INE238A01034. The National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) are the Depositories for the equity shares of the Bank. The equity shares of the Bank have not been suspended from trading on the said Stock Exchanges or by any Regulatory / Statutory Authority.

Stock Exchange Codes	Reuters Codes	Bloomberg Codes
NSE – AXISBANK National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex Bandra (E) Mumbai - 400 051. Website: www.nseindia.com	NSE - AXBK.NS	NSE - AXSB IS
BSE – 532215 BSE Limited Phiroze Jeejeebhoy, Towers, Dalal Street, Mumbai- 400 001. Website: www.bseindia.com	BSE - AXISBANK.BO	BSE - AXSB IN

Global Depository Receipts (GDR)

The Bank's GDRs are listed and traded on London Stock Exchange. The ISIN for the said GDRs is US05462W1099.

Stock Exchange	Code
London Stock Exchange 10 Paternoster Square, London EC4M 7LS, UK Website: www.londonstockexchange.com	AXB

Bonds issued under Medium Term Note Program (MTN Program)

The Bonds issued by the Bank's MTN program are listed and traded on Singapore Stock Exchange.

Stock Exchange	Code
Singapore Stock Exchange Singapore Exchange Securities Trading Limited (Attention: SGXNet Services, Operations) 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138 589 Website: www.sgx.com	-

Credits Ratings

The details of the credit ratings obtained by the Bank, in respect of all debt instruments issued by it and outstanding as on 31 March, 2021 along with outlook, are as under:

Credit ratings for the Debt Instruments outstanding, as on 31 March, 2021

Sr. No.	Credit Rating Agency	Credit Rating	Outlook	Sr. No.	Credit Rating Agency	Credit Rating	Outlook
1.	ICRA Ltd.			2.	CARE Ratings		
	Certificate of Deposits	ICRA A1+			Tier II Bonds	CARE AAA	Stable
	Tier II Bonds	ICRA AAA	Stable		Infrastructure bond	CARE AAA	Stable
	Infrastructure bond	ICRA AAA	Stable		Tier II (Under Basel III)	CARE AAA	Stable
	Tier II (Under Basel III)	ICRA AAA	Stable				
	Tier I (Basel III Compliant)	ICRA AA+	Stable				
	Fixed Deposit	ICRA MAAA	Stable				
3.	CRISIL			4.	India Rating		
	Certificate of Deposits	CRISIL A1+			Tier II Bonds	IND AAA	Stable
	Infrastructure bond	CRISIL AAA	Stable		Tier II (Under Basel III)	IND AAA	Stable
	Tier II (Under Basel III)	CRISIL AAA	Stable		Tier I (Under Basel III)	IND AA+	Stable
	Tier I (Under Basel III)	CRISIL AA+	Stable				
5.	MTN (Senior Unsecured) Rating						
	Fitch*	BB+	Negative				
	Moody's*	Baa3	Negative				
	S&P*	BB+	Stable				

* During the year, S&P Ratings has revised the rating of senior unsecured debt to BB+ from BBB- with stable outlook. Also, Fitch Ratings & Moody's Rating have revised the outlook to negative from stable.

Corporate Governance

Listing fees

The annual listing fees for the financial year 2020-21 have been paid by the Bank to the Stock Exchanges.

Debt Securities

The debt instruments issued and allotted by the Bank in the form of Additional Tier I, Bond Tier II Debt Capital Instrument and Infrastructure Bonds, on a private placement basis are listed on NSE and BSE. The Bonds issued and allotted by the Bank under the MTN program are listed on Singapore Stock Exchange and the Green Bonds issued by the Bank are listed on London Stock Exchange.

Green Bonds

The Bank had issued its inaugural Green Bond of USD 500 million (ISIN XS1410341389) in June 2016. The Bond is the first certified Green Bond by an Asian bank – Axis Bank's Green Bond was certified under Climate Bonds Initiative standards version 2.1. It was also the first Bond issued by an Indian company to be listed on London Stock Exchange.

The Bonds were issued under the 'Green Bond Framework' established by the Bank. The framework defined the use of proceeds, criteria for selection and evaluation of projects, monitoring utilisation of proceeds and reporting guidelines. The framework was reviewed by KPMG, and it provided an 'Independent Assurance Report' as required under the Climate Bonds Standards.

The proceeds of issue of Green Bonds, were allocated to renewable energy projects, low carbon transport projects and energy efficient buildings. In order to monitor the proceeds, a Green Bond Committee was constituted by the Bank. Utilisation of said proceeds were tracked on a monthly basis and shortfall, if any, was parked in government securities and other money market instruments, as per extant norms.

Market Price Data

a) Equity Shares

The price of the Bank's Share - High, Low as traded during the financial year 2020-21, on NSE and BSE, are as under:

Month	NSE			BSE		
	High (₹)	Low (₹)	No. of Shares traded	High (₹)	Low (₹)	No. of Shares traded
April, 2020	485.90	324.00	75,74,58,478	486.60	324.00	2,56,87,269
May, 2020	424.00	332.85	82,65,26,780	424.70	333.05	3,15,39,017
June, 2020	448.50	360.40	99,06,89,249	449.80	360.40	3,28,15,049
July, 2020	484.60	406.65	81,35,64,048	484.45	406.70	3,14,88,441
August, 2020	533.85	415.70	57,85,19,436	533.80	416.05	2,52,36,882
September, 2020	503.40	400.15	48,40,00,981	503.45	400.00	1,41,02,269
October, 2020	517.50	427.40	50,11,38,069	517.50	425.00	1,54,22,118
November, 2020	640.00	495.10	57,79,69,966	640.00	495.10	1,51,44,265
December, 2020	636.70	568.40	36,94,94,809	636.40	568.45	1,10,24,913
January, 2021	695.00	616.00	37,86,91,202	695.00	617.00	1,28,69,900
February, 2021	799.00	654.35	41,61,52,748	800.00	654.50	2,32,64,880
March, 2021	776.60	680.00	33,74,24,530	776.10	680.00	1,28,39,711

GRAPH IN COMPARISON TO NIFTY & SENSEX



b) GDR

The high and low closing prices of the Bank's GDRs as traded during the financial year 2020-21, on LSE, are as under:

Month	High (In USD)	Low (In USD)	No. of GDRs traded
April, 2020	31.25	21.00	8,55,535
May, 2020	27.80	22.20	5,38,702
June, 2020	29.95	23.90	9,03,950
July, 2020	33.00	27.25	3,87,474
August, 2020	35.25	27.95	2,66,018
September, 2020	34.35	27.00	3,16,511
October, 2020	35.40	30.05	2,51,316
November, 2020	42.75	34.15	2,61,430
December, 2020	43.40	38.90	2,78,109
January, 2021	47.35	42.15	3,07,051
February, 2021	54.30	47.00	2,67,663
March, 2021	53.70	46.85	3,60,751

Dematerialisation of Shares and Liquidity

The equity shares of the Bank are to be compulsorily traded on the floor of the stock exchanges in electronic form by all investors. The Bank has entered into agreements with NSDL and CDSL, so as to provide the Members an opportunity to hold and trade in equity shares of the Bank in electronic form.

As on 31 March, 2021, 99.85% of the total issued and paid up equity share capital of the Bank was held by investors in electronic form and 0.15% of the total issued and paid up equity share capital was held in physical form.

The number of equity shares of the Bank held in physical form which were transferred / processed, during the last three financial years, are as under:

Particulars	2020-21	2019-20	2018-19
Number of transfer deeds	0	30	85
Number of equity shares transferred	0	30,000	61,500

As required under Regulation 40(9) of the SEBI Listing Regulations, M/s. Ahalada Rao. V & Associates, Practicing Company Secretaries, (C. P. No. 13407), Hyderabad have examined the records relating to share transfer deeds, memorandum of transfers, registers, files and other related documents on a half-yearly basis and has issued a certificate confirming compliance with the provisions of the said Regulations. The certificate has been submitted to the BSE and NSE where the Bank's equity shares are listed, in terms of the SEBI Listing Regulations.

Distribution of Shareholding

The distribution of shareholding of the Bank as on 31 March, 2021, is as under:

No. of shares held	Electronic Form		Physical Form		Total		
	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares	% to capital
1-5,000	6,25,938	6,59,95,942	4,723	35,91,984	6,30,661	6,95,87,926	2.27
5,001-10,000	3,606	1,29,99,757	184	6,55,750	3,790	1,36,55,507	0.45
10,001-20,000	1,614	1,15,66,226	15	1,16,000	1,629	1,16,82,226	0.38
20,001-30,000	520	63,83,175	4	50,900	524	64,34,075	0.21
30,001-40,000	297	51,52,109	0	0	297	51,52,109	0.17
40,001-50,000	188	42,29,079	1	25,000	189	42,54,079	0.14
50,001-1,00,000	435	1,53,78,809	0	0	435	1,53,78,809	0.50
1,00,001 and above	1,525	2,93,75,28,921	1	75,000	1,526	2,93,76,03,921	95.88
Total	6,34,123	3,05,92,34,018	4,928	45,14,634	6,39,051	3,06,37,48,652	100.00

Corporate Governance

Shareholding pattern

Category wise shareholding pattern of the Bank as on 31 March, 2021, is as under:

Sr. No.	Category / Shareholder	No. of Shares held	% of total issued & paid-up Capital
Promoters			
1	Administrator of the Specified Undertaking of the Unit Trust of India - SUUTI	10,31,75,065	3.37
2	Life Insurance Corporation of India	24,48,21,645	7.99
3	General Insurance Corporation of India	3,08,55,229	1.01
4	The New India Assurance Company Limited	2,05,91,585	0.67
5	National Insurance Company Limited	5,49,681	0.02
6	The Oriental Insurance Company Limited	49,77,520	0.16
7	United India Insurance Company Limited	9,13,248	0.03
Foreign Investors			
8	Overseas Investors (including FIIs / OCBs / NRIs / FB)	1,76,62,09,517	57.65
9	Foreign Direct Investment (GDR)	7,57,39,625	2.47
Domestic Financial Institutions			
10	Financial Institutions / Mutual Funds / Banks / NBFC / INC /AIF	60,51,95,660	19.75
11	Others	21,07,19,877	6.88
Total		3,06,37,48,652	100.00

Top 20 Shareholders of the Bank as on 31 March, 2021, are as under:

Sr. No.	Name of the Shareholder	No. of Shares held	% to total issued & paid up capital
1	Life Insurance Corporation of India	24,48,21,645	7.99
2	Administrator of The Specified Undertaking of the Unit Trust of India-Unit Scheme 1964	10,31,75,065	3.37
3	SBI-ETF Nifty 50	9,27,09,559	3.03
4	Dodge and Cox International Stock Fund	8,29,67,250	2.71
5	ICICI Prudential Bluechip Fund	7,89,49,597	2.58
6	The Bank of New York Mellon, Dr	7,57,39,625	2.47
7	HDFC Trustee Company Limited-HDFC Flexi Cap Fund	5,70,73,375	1.86
8	Europacific Growth Fund	5,68,91,711	1.86
9	BC Asia Investments VII Limited - FDI	5,56,00,000	1.81
10	NPS Trust- A/C UTI Retirement Solutions Pension FU	4,90,46,019	1.60
11	Kotak Flexicap Fund	4,43,47,558	1.45
12	Nippon Life India Trustee Ltd-A/C Nippon India ETF bank Bees	4,23,55,411	1.38
13	Government Pension Fund Global	4,13,16,448	1.35
14	Mirae Asset Large Cap Fund	4,04,61,763	1.32
15	BC Asia Investments III Limited - FDI	4,00,00,000	1.31
16	Franklin India Focused Equity Fund	3,78,24,824	1.23
17	ICICI Prudential Life Insurance Company Limited	3,72,61,238	1.22
18	Oakmark International Fund	3,63,69,800	1.19
19	Abu Dhabi Investment Authority - Behave	3,49,55,382	1.14
20	UTI - Nifty Exchange Traded Fund	3,32,46,681	1.09

Outstanding GDR

The Bank has in the course of international offerings to overseas investors, issued and allotted securities linked to ordinary equity shares of the Bank in the form of Global Depository Receipts (GDRs) in March 2005, April 2005, July 2007 and September 2009. The said GDRs are listed for trading on London Stock Exchange. The underlying equity shares represent outstanding GDRs, which have been included in the equity share capital of the Bank. The number of equity shares representing outstanding GDRs, as on 31 March, 2021 was 7,57,39,625.

The Bank has not issued any ADRs during the financial year 2020-21.

Convertible Warrants

As on 31 March, 2021, the Bank has no outstanding warrants pending for conversion.

Investor Services

Registrar & Share Transfer Agent (RTA)

KFIN has been entrusted with the task of administering all aspects relating to investor services for and on behalf of the Bank. KFIN has appropriate systems to ensure that requisite service is provided to the investors of the Bank in accordance with applicable corporate and securities laws and within the adopted service standards. Listed below are the service standards adopted by KFIN in respect of the various services rendered by them to the investors of the Bank.

Nature of service being rendered to the Investors of the Bank	Adopted Service Standards
Registration of Nomination	5 days
Issue of duplicate dividend warrant(s)	5 days
Revalidation of dividend warrant(s)	5 days
Revalidation of demand draft(s)	5 days
Split / Consolidation of share certificate(s)	7 days
Dematerialisation of share(s)	7 days
Transfer of share(s)	7 days
Transmission of share(s)	7 days
Consolidation of folio(s)	7 days
Change / Deletion / Transposition of Name(s)	7 days
Release of unclaimed share(s)	7 days
Re-materialisation of share(s)	10 days
Issue of duplicate share certificate(s)	10 days

Investors are requested to write to the Registered Office of the Bank or to KFIN for availing any of the said services or may address their correspondence / complaints to shareholders@axisbank.com or einward.ris@kfintech.com, in terms of Regulation 34(3) read with Schedule V of the SEBI Listing Regulations.

The Company Secretary Department of the Bank regularly monitors and reviews the status of the investor correspondences / complaints received by the Bank / KFIN and its redressal within the said service standards.

Share Transfer System

In terms of Regulation 40(2) of the SEBI Listing Regulations, the Share Committee of the Bank comprising the Company Secretary and executives of Company Secretary Department of the Bank has been formed to attend to matters relating to transfer of equity shares of the Bank and matters related thereto. The resolutions passed by the Share Committee, in this regard, are tabled at the ensuing meeting of the Board of Directors of the Bank, for its noting.

Investor Grievances

During the year under review, the Bank received 837 correspondences from its investors, capital market intermediaries and Statutory / Regulatory Authorities, inter alia, in respect of the services relating to the securities issued by the Bank by post, web-based query redressal system of KFIN and through emails addressed to designated email address viz. shareholders@axisbank.com and einward.ris@kfintech.com.

Corporate Governance

The details of the investor complaints received and redressed by the Bank, during the last 3 financial years, are as under:

Received from	No. of complaints received			No. of complaints unresolved as on 31 March, 2021
	2020-21	2019-20	2018-19	
SEBI SCORES	9	17	10	-
Stock Exchanges	12	7	-	-
NSDL / CDSL	-	-	-	-
MCA	-	-	-	-
RBI	-	1	-	-
Total No. of complaints received	21	25	10	-
Total No. of complaints redressed	21	20	10	-

There were 5 investor complaints which were unresolved as on 1 April, 2020. During the financial year under review, the Bank received 21 investor complaints. During the year, the Bank has resolved all the 26 complaints. Consequently, there is no investor complaint pending for resolution as on 31 March, 2021.

The statement highlighting the status of the investor correspondence(s) / complaint(s) received and redressed by the Bank during the financial year 2020-21 were tabled at the meetings of the Stakeholders Relationship Committee and the Board of the Bank, for their review and noting.

Web-based Query Redressal System

Members may avail the facility extended by KFIN for redressal of queries, by visiting <https://kprism.kfintech.com/> for query registration through free identity registration process.

Investors can submit their queries on the above website, which would generate a registration number. For accessing the status / response to the query submitted, the grievance registration number can be used at the option 'Click here to track your grievance' after 24 hours. There is no investor grievance pending for resolution as on 31 March, 2021.

Nomination Facility

Section 72 of the Companies Act, 2013, provides that every holder of securities of a company may, at any time nominate, in the prescribed manner, any person to whom the securities shall vest in the event of death. Where the securities of a company are held by more than one person jointly, the joint holders may together nominate any person to whom all the rights in the securities shall vest in the event of death of all the joint holders.

In view of the above, Shareholders are encouraged to avail of the Nomination Facility. The relevant Nomination Form can be downloaded from the website of the Bank or the Shareholders may write to the Bank at its Registered Office or to KFIN for the same.

Please note that the nomination shall be automatically rescinded on transfer / transmission / dematerialisation of the securities.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The details with respect to commodity price risk in terms of Securities and Exchange Board of India (SEBI) circular no SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15 November, 2018, is as follows:

- 1) Risk management policy with respect to commodities including through hedging: As the Bank is not exposed to XAU (Gold) and XAG (Silver) price risk, the Bank does not have a Risk Management Policy for commodity price risk.
- 2) Exposure of the Bank to commodity and commodity risks faced by the Bank during the year is given below:
 - a. Total exposure of the listed entity to commodities: Nil as on 31 March, 2021.
 - b. Exposure of the listed entity to various commodities: Not Applicable.
 - c. Commodity risks faced by the listed entity during the year and how they have been managed: The Bank did not run any trading positions in XAU (Gold) or XAG (Silver) and does not have exposure to any other commodity.

Payment of Dividend through electronic mode

ECS Facility

- In terms of Regulation 12 and Schedule I of SEBI Listing Regulations, every listed entity is required to mandatorily make all payments to Investors, including Dividend, by using any Reserve Bank of India (RBI) approved electronic mode of payments

viz., Direct Credit, Real Time Gross Settlement (RTGS), National Electronic Fund Transfer (NEFT), Electronic Clearing Service (ECS), National Automated Clearing House (NACH) etc. The Bank would be entitled to use the bank account details of the shareholders available with the Depository Participant to facilitate payment through electronic mode.

- In case of shares held in electronic form:
All shareholders of the Bank holding equity shares in electronic form are requested to provide details relating to, their Bank Account Number, including 9 digit MICR Code and 11 digit IFSC Code, E-mail ID and Mobile No(s) to their Depository Participant(s).
- In case of shares held in physical form:
All shareholders of the Bank are requested to provide details relating to their Bank Account Number, indicating 9 digit MICR Code and 11 digit IFSC Code, E-mail ID and Mobile No(s) to KFIN at Selenium Tower – B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032, Telangana, by quoting their folio number and attaching a photocopy of the cheque leaf of the said Bank Account and a self-attested copy of their PAN card.
- In case the dividend paid through electronic mode is rejected by the corresponding bank, for any reason whatsoever, the Bank will issue a dividend warrant and print the Bank Account details available with KFIN on the said dividend warrant to avoid fraudulent encashment.

Green initiatives

Dispatch of documents in Electronic Form

- In terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, a company may give notice through electronic mode including E-mail to those Members who have provided their E-mail address either to their Depository Participant (DP) or to the Company.
- Further, in terms of Regulation 36 of the SEBI Listing Regulations, the listed entity is required to send soft copies of its annual report to all those shareholder(s) who have registered their email address(es) for this purpose.
- Accordingly, the Notice convening the AGM, the annual report of the Bank for the financial year 2020-21 and the annexures stated therein will be sent by E-mail to only those Members who have registered their E-mail address with their DP or with KFIN. Accordingly, Members who have not yet registered their E-mail address are requested to do so, at the earliest.
- In case of shares held in electronic form and in case of any change in the E-mail address, Members are requested to update the same with their DP and in case of shares held in physical form, Members are requested to update the same with KFIN.
- In case a Member, whose email address has changed, fails to update the new E-mail address, the said documents will be sent to the existing E-mail address and the said documents will be deemed to have been delivered, in compliance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder and the SEBI Listing Regulations.
- Please note that the said documents will also be uploaded on the Bank's website viz. www.axisbank.com, and copies thereof will be made available for inspection at the Registered Office of the Bank during business hours on all working days except Saturdays, Sundays, Bank Holidays and Public Holidays up to the date of the ensuing AGM.
- We seek your support to the said Green Initiative, as it is designed to protect our fragile environment.

Means of Communication

After the unaudited / audited financial results of the Bank are reviewed and approved by the Board, the same is disclosed to the Stock Exchanges, in accordance with Regulation 30 of the SEBI Listing Regulations read with sub-para 4 of Para A of Part A of Schedule III of the SEBI Listing Regulations.

Thereafter, the said financial results of the Bank and the presentations made by the Management to the Analysts / Media are uploaded on the Bank's website, <https://www.axisbank.com/shareholders-corner/financial-results-and-other-information/quarterly-results>, in accordance with the SEBI Listing Regulations.

The said financial results of the Bank are also published in the Business Standard, Mint in all its editions and Gujarat Samachar or Divya Bhaskar in Ahmedabad edition, the day after the said financial results are disclosed to the Stock Exchanges, in accordance with the SEBI Listing Regulations.

The said financial results and other information filed by the Bank, from time to time is also available on the websites of the Exchanges, i.e., BSE at www.bseindia.com and the NSE at www.nseindia.com. NSE and BSE have online platforms for filing of announcements and other compliance returns viz., NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre, respectively.

Corporate Governance

Various compliances as required / prescribed under the SEBI Listing Regulations are filed through these systems. Similar filings are also made to the London Stock Exchange and Singapore Stock Exchange.

For ready reference of the investors of the Bank, a list of frequently asked questions and their answers have been uploaded on website of the Bank at <https://www.axisbank.com/shareholders-corner/investor-faqs>.

In order to enable a larger participation of Shareholders at the 27th AGM and in accordance with the relevant Circulars issued by MCA and SEBI, the Bank will provide Video Conferencing facility for participation of its Members, details of which will be stated in the Notice convening the 27th AGM.

General Body Meetings

The details of the last three Annual General Meetings, are as under:

AGM	Date and Day	Time	Location
24 th	20 June, 2018 – Wednesday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad, Gujarat - 380 015
25 th	20 July 2019 - Saturday	10.00 a.m.	H. T. Parekh Auditorium, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015
26 th	31 July 2020 - Friday	10.00 a.m.	26 th Annual General Meeting was held through Audio Video Conferencing Means

Special resolutions passed at previous three Annual General Meetings

The details of the special resolution(s) passed at the previous three Annual General Meetings, are as under:

AGM No.	Date of AGM	Special Resolution(s)
24 th	20 June, 2018	Resolution No. 11 - Increase in the borrowing limits of the Bank upto ₹ 200,000 crores, under Section 180 (1) (c) of the Companies Act, 2013. Resolution No. 12 - Borrowing / Raising funds in Indian / Foreign Currency by issue of debt instruments including but not limited to subordinated debt, senior unsecured long term bonds, green bonds, medium term notes, non-convertible debentures on a private placement basis, for an amount of upto ₹35,000 crores.
25 th	20 July 2019	Resolution No. 12 - Borrowing / Raising funds in Indian Currency / Foreign Currency by issue of Debt Securities including but not limited to long term bonds, green bonds, non-convertible debentures, perpetual debt instruments and Tier II Capital bonds or such other debt securities as may be permitted under the RBI guidelines, from time to time, on a private placement basis, for an amount of up to ₹ 35,000 crores during a period of one year from the date of passing of this Special Resolution.
26 th	31 July 2020	Resolution No.3 - Re-appointment of Shri Rakesh Makhija (DIN: 00117692) as an Independent Director of the Bank, for his second term of three years, with effect from 27 October, 2020 up to 26 October, 2023 (both days inclusive). Resolution No. 5 - Borrowing / Raising of funds denominated in Indian rupees or any other permitted foreign currency, by issue of debt securities including, but not limited to, long term bonds, green bonds, masala bonds, optionally / compulsorily convertible debentures, non-convertible debentures, perpetual debt instruments, AT 1 Bonds, Infrastructure Bonds and Tier II Capital Bonds or such other debt securities as may be permitted under the RBI guidelines, from time to time, on a private placement basis and / or for an amount of up to ₹ 35,000 crores during a period of one year from the date of passing of this Special Resolution. Resolution No. 6 - Raising of funds through issue of equity shares / depository receipts and / or any other instruments or securities representing either equity shares and / or convertible securities linked to equity shares including through Qualified Institutions Placement / American Depository Receipts / Global Depository Receipts / Preferential allotment or such other permissible mode or combinations thereof, for an aggregate amount not exceeding ₹ 15,000 crores (Rupees Fifteen Thousand crores).

Procedure for Postal Ballot

In compliance with Sections 108 and 110 of the Companies Act, 2013 read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI Listing Regulations, the Bank provides e-voting facility to all its Members to enable them to cast their votes electronically on the matters included in Postal Ballot Notice. E-voting is optional and all Members are eligible to vote by completing and dispatching the Postal Ballot Form by post, or through e-voting. The Bank has engaged the services of KFIN for providing e-voting facility to its Members.

The Board appoints a Scrutinizer for conducting the Postal Ballot process, in a fair and transparent manner. The Postal Ballot process is conducted in accordance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules, 2014, as amended.

The Bank dispatches the Postal Ballot Notice and relevant forms along with postage pre-paid business reply envelope to those Members whose names appear on the Register of Members / Statements of Beneficial Holders provided by the Depositories as on the cut-off date. The Postal Ballot Notice is also sent in electronic form to those Members whose email address is registered with their DP in case shares are held in electronic form or with KFIN in case shares are held in physical form.

Due to the outbreak of COVID-19 Pandemic, MCA vide General Circular Nos. 14/2020 dated 8 April, 2020, 17/2020 dated 13 April, 2020 and General Circular No 33/2020 dated 28 September, 2020 ("the relevant Circulars"), has permitted companies to conduct the Postal Ballot by sending the Notice in electronic form only. Accordingly, physical copy of the Notice along with Postal Ballot Form and pre-paid business reply envelope are not being sent to the Members for Postal Ballot. The communication of the assent or dissent of the Members would take place through the process of remote e-voting only in accordance with the SEBI Circular on e-voting facility provided by Listed Entities, dated 9 December, 2020.

The Bank also publishes a notice in the newspaper declaring the details of completion of dispatch of the Postal Ballot Notice and other details, in accordance with the provisions of the Companies Act, 2013, the said Rules and the relevant Circulars.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the said cut-off date. Members desiring to exercise their votes by physical postal ballot forms are required to return the forms duly completed and signed to the Scrutinizer at the address mentioned in the postage pre-paid business reply envelope on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to exercise their vote using the e-voting facility before the close of business hours on the last date of e-voting as set out in the Postal Ballot Notice.

The Scrutinizer is required to submit his report to the Chairman after verification of the records and thereafter the consolidated results of the voting can be declared by the Chairman or by any one of the Directors of the Bank, duly authorized by the Board of Directors, in this regard.

Subsequently, the said results along with the report of the Scrutinizer is disclosed to the Stock Exchanges within 2 working days of conclusion of remote e-voting, in terms of Regulation 44(3) of the SEBI Listing Regulations, uploaded on the website of the Bank and displayed on the notice board at the Registered and Corporate Offices of the Bank, in accordance with the aforesaid provisions of the Companies Act, 2013 and the said Rules.

The resolution, if passed by requisite majority, shall be deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or e-voting.

No special resolution is proposed to be passed through postal ballot.

Special Resolutions passed through postal ballot during the Financial Year 2020-21

During the year under review, approval of Shareholders of the Bank was sought for the following matters, through postal ballot on 10 December, 2020. The Bank had appointed Shri D. Raghavendar Rao., Practicing Company Secretary (Membership No. ACS 35788/C.P. No. 13407) to act as the Scrutinizer for conducting the said postal ballot exercise, in a fair and transparent manner.

The summary of the Postal Ballot results in respect of the said special resolutions, declared on 10 December, 2020, are as under:

Item no. 1: Re-appointment of Smt. Ketaki Bhagwati (DIN: 07367868) as an Independent Director of the Bank, for her second term of three (3) years, with effect from 19 January, 2021 (both days inclusive).

No. of votes in favour	No. of votes against	% of votes in favor	% of votes against
2,41,74,79,245	34,29,417	99.86%	0.14%

Item no. 2: Appointment of Smt. Meena Ganesh (DIN: 00528252) as an Independent Director of the Bank, for a period of four (4) years, with effect from 1 August, 2020.

No. of votes in favour	No. of votes against	% of votes in favor	% of votes against
2,42,09,04,406	4,303	99.99%	0.00%

Item no. 3: Appointment of Shri G. Padmanabhan (DIN: 07130908) as an Independent Director of the Bank, for a period of four (4) years, with effect from 28 October, 2020.

No. of votes in favour	No. of votes against	% of votes in favor	% of votes against
2,42,09,03,969	4,697	99.99%	0.00%

Corporate Governance

Plant Locations

As the Bank is a Banking Company registered under the Banking Regulation Act, 1949, the provisions relating to disclosure of details relating to plant location is not applicable to the Bank. The Bank operates through a network of branches spread across the length and breadth of the country. As on 31 March, 2021, the Bank had a network of 4,594 domestic branches and extension counters.

The list of branches is uploaded on the website of the Bank at <https://branch.axisbank.com>.

Address for Correspondence

Registered Office	Corporate Office	Registrar & Share Transfer Agent
Axis Bank Limited [CIN: L65110GJ1993PLC020769] 'Trishul', 3 rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad-380 006. Gujarat. Tel. No.: +9179-6630 6161 Fax No.: +9179-2640 9321 Email: shareholders@axisbank.com	Axis Bank Limited 'Axis House', C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai-400 025. Maharashtra. Tel. No.: +9122-2425 2525 Fax No.: +9122-2425 1800 Email: shareholders@axisbank.com Website: www.axisbank.com	KFin Technologies Private Limited Unit: Axis Bank Limited. Selenium Building, Tower – B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032. Tel. No.: +91 40-6716 2222 Fax No.: +91 40-2300 1153 Toll Free No.: 1800 3094 001 Email: einward.ris@kfintech.com

Debenture Trustees

IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001. Phone No. +91 - 22 4080 7000. Email: itsl@idbitrustee.com Website: www.idbitrustee.com	SBI Cap Trustee Company Limited Mistry Bhavan, 4 th Floor, 122 Dinshaw Vachha Road, Churchgate, Mumbai - 400 020. Phone No. +91 - 22 - 4302 5555. Email: helpdesk@sbicaptrustee.com Website: www.sbicaptrustee.com
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Other Reports

DISCLOSURE ON REMUNERATION

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (i) The ratio of the remuneration of each Director of the Bank to the median remuneration of the employees of the Bank for the financial year 2020-21, are as under:

Name of the Executive Directors	Ratio of remuneration to median remuneration of all employees
Shri Amitabh Chaudhry, Managing Director & CEO	104.3
Shri Rajiv Anand, Executive Director (Wholesale Banking)	54.6
Shri Rajesh Dahiya, Executive Director (Corporate Centre)	48.8
Shri Pralay Mondal [Resigned as the Executive Director (Retail Banking) of the Bank, with effect from 14 September, 2020]	19.7

Note: (a) The Remuneration for the Whole-Time Directors has been calculated as per the RBI circular dated 4 November, 2019 which is effective 1 April, 2020. (b) All confirmed employees (excluding front line sales force), as on 31 March, 2021 have been considered.

- (ii) The percentage increase in remuneration of the Executive Directors, Chief Financial Officer, Chief Executive Officer and Company Secretary, if any, in the financial year 2020-21, are as under:

Name of the Director / Key Managerial Personnel	% increase in the remuneration in the financial year 2020-21
Executive Directors	
Shri Amitabh Chaudhry, Managing Director and CEO	Nil
Shri Rajiv Anand, Executive Director (Wholesale Banking)	Nil
Shri Rajesh Dahiya, Executive Director (Corporate Centre)	Nil
Shri Pralay Mondal [Resigned as Executive Director (Retail Banking) of the Bank, with effect from 14 September, 2020]	NA
Key Managerial Personnel	
Shri Puneet M Sharma, Chief Financial Officer	Nil
Shri Girish V. Koliyote, Company Secretary	4.0

- (iii) The percentage increase in the median remuneration of the said employees of the Bank during the financial year 2020-21, is as under:

Median remuneration of employees of the Bank decreased by 3.66% in the financial year 2020-21, as compared to the financial year 2019-20.

- (iv) The number of permanent employees on the rolls of the Bank as on 31 March, 2021 - The Bank had 78,307 permanent employees on its rolls, as on 31 March, 2021.

- (v) Average percentile increase already made in the salaries of employees of the Bank other than its managerial personnel (viz. Whole-Time Directors of the Bank) during the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Average remuneration increase for non-managerial personnel of the Bank during the financial year 2020-21 was 5.8% (annualized) and the average remuneration increase for the said managerial personnel of the Bank was approximately 0.67%.

Remuneration increase is dependent on the Bank's performance as a whole, individual performance level and also market benchmarks.

- (vi) Affirmation that the remuneration is as per the remuneration policy of the Bank.

The Remuneration Policy for the Managing Director & CEO, Whole-Time Directors, Material Risk Takers, Control Function Staff and other employees of the Bank as approved by the Nomination and Remuneration Committee and the Board of Directors of the Bank is in line with revised Guidelines on Compensation of Whole-Time Directors / Chief Executive Officers / Material Risk takers and Control function staff, etc. dated 4 November, 2019, issued by the Reserve Bank of India. We affirm that the remuneration paid to all employees for the financial year 2020-21, is in terms of the said Policy of the Bank.

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ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(As prescribed under Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014)

1. A brief outline of the Company's CSR Policy:

The Corporate Social Responsibility (CSR) philosophy of the Bank is to make meaningful and measurable contributions in the lives of socially, economically, financially and physically excluded, disadvantaged and challenged communities of the country through an integrated approach of development that focuses on creating opportunities for enhancing livelihood opportunities, improving quality of education and skills development, creating awareness amongst public at large on topics of financial literacy, health and hygiene and facilitating or providing access to formal banking channels for un-banked sections of the society (financial inclusion), promoting environmental sustainability, and supporting health and sanitation initiatives which may be implemented either directly by the Bank or through Axis Bank Foundation (ABF) or other implementation partners.

2. Composition of the CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri Rakesh Makhija	Chairman – Independent Director	4	4
2	Shri Rajesh Dahiya	Executive Director (Corporate Centre)	4	4
3	Shri T.C. Suseel Kumar (with effect from 14 December, 2020)	Non-Executive (Nominee) Director	1	1
4	Shri Rajiv Anand	Executive Director (Wholesale Banking)	4	4

- Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company: <https://www.axisbank.com/csr>
- Provide the details of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not applicable.
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable
- Average net profit of the Company as per section 135(5): ₹ 4,532.70 crores
- Two percent of average net profit of the Company as per section 135(5): ₹ 90.65 crores
 - Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Not Applicable
 - Amount required to be set off for the financial year, if any: Not Applicable
 - Total CSR obligation for the financial year (7a+7b-7c): ₹ 90.65 crores
- CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
90.93 crore	NA	NA	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project	Project duration	Amount allocated for the project (in ₹ crore)	Amount spent in the current financial year (in ₹ crore)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ crore)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
			State	District						CSR Registration number	
1	Sustainable Livelihood	Livelihood enhancement, vocational skills training, conservation of natural resources and rural development - Schedule VII - (ii), (iv), (x)	Pan India - Andhra Pradesh (4 Districts), Assam (2 Districts), Bihar (2 Districts), Chhattisgarh (5 Districts), Gujarat (14 Districts), Jharkhand (15 Districts), Karnataka (1 District), Kerala (6 Districts), Madhya Pradesh (12 Districts), Maharashtra (3 Districts), Meghalaya (1 District), Odisha (4 Districts), Rajasthan (11 Districts), Sikkim (1 District), Telangana (5 Districts) & Uttarakhand (7 Districts)		April 2020 to March 2021	53.13 *	53.11	0 *	No	Axis Bank Foundation, Action for Social Advancement, Aga Khan Rural Support Programme (India), Development Support Centre, Foundation for Ecological Security, Harsha Trust, IBTADA, NM Sadguru Water & Development Foundation, PRADAN, Sahjeevan, Samaj Pragati Sahayog, Self Reliant Initiatives through Joint Action, Seva Mandir, Watershed Organization Trust	Not Applicable
2	Education and Skill Development	Promoting Education & Skill Development - Schedule VII - (ii)	Pan India - Delhi (NCT) (1 District), Haryana (1 District), Maharashtra (1 District) & Manipur (1 District)		April 2020 to March 2021	2.76	2.76	0	No	Sunbird Trust, Ashoka University (International Foundation For Research And Education (IFRE)), JSW Foundation, National Centre for Promotion of Employment for Disabled People (NCPEDP)	Not Applicable
TOTAL						55.89	55.87	0			

* There is no unspent amount in this project.

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

-1	-2	-3	-4	-5	-6	-7	-8
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project	Amount spent for the project (in ₹ crore)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency
			State	District			CSR Registration number
1	Financial Literacy & Inclusion	Education, Reducing inequalities faced by socially and economically backward groups, rural development - Schedule VII - (ii), (iii), (x)	Pan India - Assam (20 Districts), Bihar (38 Districts), Chhattisgarh (20 Districts), Goa (2 Districts), Gujarat (16 Districts), Haryana (6 Districts), Himachal Pradesh (1 District), Jharkhand (14 Districts), Karnataka (27 Districts), Kerala (14 Districts), Madhya Pradesh (28 Districts), Maharashtra (21 Districts), Manipur (2 Districts), Odisha (29 Districts), Puducherry (UT) (2 Districts), Punjab (6 Districts), Rajasthan (25 Districts), Sikkim (2 Districts), Tamil Nadu (24 Districts), Tripura (4 Districts), Uttar Pradesh (26 Districts), Uttarakhand (3 Districts) & West Bengal (23 Districts)		22.84	Yes	Not Applicable
2	Health, Sanitation & Disaster Relief	Promotion of health care including preventive health care and sanitation and disaster management - Schedule VII - (i), (xii)	Pan India - Andhra Pradesh (4 Districts), Assam (1 District), Bihar (1 District), Chandigarh (UT) (1 District), Dadra & Nagar Haveli (UT) (1 District), Delhi (NCT) (4 Districts), Gujarat (30 Districts), Haryana (12 Districts), Himachal Pradesh (2 Districts), Jammu and Kashmir (UT) (3 Districts), Jharkhand (1 District), Ladakh (UT) (1 District), Madhya Pradesh (7 Districts), Maharashtra (16 Districts), Punjab (8 Districts), Rajasthan (6 Districts), Tamil Nadu (3 Districts), Uttar Pradesh (5 Districts), Uttarakhand (2 Districts) & West Bengal (1 District)		11.60	Yes	Not Applicable
3	Other Initiatives	Promotion of health care including preventive health care and sanitation and disaster management - Schedule VII - (i), (xii)	Pan India - Assam (5 Districts), Bihar (1 District), Chhattisgarh (4 Districts), Gujarat (2 Districts), Haryana (2 Districts), Himachal Pradesh (1 District), Jammu and Kashmir (UT) (1 District), Jharkhand (1 District), Kerala (1 District), Madhya Pradesh (2 Districts), Maharashtra (2 Districts), Manipur (1 District), Meghalaya (1 District), Mizoram (1 District), Nagaland (1 District), Odisha (1 District), Punjab (3 Districts), Sikkim (1 District), Tamil Nadu (6 Districts), Tripura (1 District), Uttar Pradesh (1 District), Uttarakhand (2 Districts) & West Bengal (20 Districts)		0.55	Yes	Not Applicable
TOTAL					34.99		

(d) Amount spent in Administrative Overheads: ₹ 0.07 crore (less than 1%)

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 90.93 crore

(g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	90.65 crores
(ii)	Total amount spent for the Financial Year	90.93 crores
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.28 crore
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Not Applicable
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.28 crore

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ crore)	Amount spent in the reporting Financial Year (in ₹ crores)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹ crore)
				Name of the Fund	Amount (in ₹ crore)	Date of transfer	
1.	FY 2019-20	0	100.96	NA	0	NA	0
2.	FY 2018-19	0	137.59	NA	0	NA	0
3.	FY 2017-18	0	133.77	NA	0	NA	0
	Total	0	372.32	NA	0	NA	0

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Amitabh Chaudhry
Managing Director & CEO

Rakesh Makhija
Chairperson – CSR Committee

Rajesh Dahiya
Executive Director (Corporate Centre)

Place : Mumbai

Date : 28 April, 2021

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FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

Axis Bank Limited

Trishul, 3rd Floor,

Opp. Samartheshwar Temple,

Law Garden Ellisbridge,

Ahmedabad – 380 006

Gujarat

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Axis Bank Limited -CIN No. L65110GJ1993PLC020769** (hereinafter called the 'Bank') during the financial year from 1 April, 2020 to 31 March, 2021, ('audit period' / 'period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the company's corporate conducts / statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) Our **verification** of the books, papers, minutes, and other records maintained by the Company in soft copy and furnished to us, forms / returns filed and compliance related action taken by the Company during the year ended 31 March, 2021 as well as before the issue of this audit report,
- (ii) **Compliance Certificates** confirming Compliance with all laws applicable to the Company given by Key Managerial Personnel / Senior Managerial Personnel of the Company and taken on record by Audit Committee / Board of Directors, and
- (iii) **Representations** made, documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of Secretarial Audit.

We hereby report that in our opinion, during the audit period covering the year ended on 31 March, 2021 the Company has:

- (i) Complied with the statutory provisions listed hereunder, and
- (ii) Board-processes and compliance mechanism in place **to the extent, in the manner and subject to the reporting made hereinafter.**

The members are requested to read along with our letter of even date annexed to this report as Annexure- A.

1. Compliance with specific statutory provisions

We further report that:

- 1.1 We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions / clauses of:
 - (i) The Companies Act, 2013 and the Rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) The Foreign Exchange Management Act, 1999 and the Rules / Regulations made thereunder to the extent of Overseas Direct Investment (FEMA);
 - (v) The following Regulations Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
 - (f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (h) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992; and
 - (i) The Securities and Exchange Board of India (Banker to Issue) Regulations, 1994.
- (vi) Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards).
 - (vii) The Banking Regulation Act, 1949, as specifically applicable to the Bank.
- 1.2 During the period under review and also considering the compliance related action taken by the Company after 31 March, 2021 but before the issue of this report, the company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us :
- (i) **Complied with** the applicable provisions / clauses of the Act, Rules, SEBI Regulations and Agreements mentioned under sub-paragraphs (ii), (iii), (v) and (vii) of paragraph 1.1 above except -

“Securities and Exchange Board of India (SEBI) vide letter dated on 28 December, 2020 under SEBI (Settlement Proceedings) Regulations, 2018 (the Settlement Regulations) issued a Summary Settlement Notice for ₹41,43,750/- (Rupees Forty One Lakhs Forty Three Thousands Seven Hundred and Fifty only) in terms of the Settlement Regulations, 2018, in relation to alleged default under Regulation 7(2)(b) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations”). The settlement amount so levied by SEBI was paid by the Bank on 29 January, 2021. The case was settled by SEBI vide Settlement Order dated 15 February, 2021 passed under the Settlement Regulations.
 - (ii) **Complied with** the applicable provisions / clauses of:
 - (a) The Act and Rules mentioned under paragraph 1.1 (i);
 - (b) FEMA to extent of Overseas Direct Investment mentioned under paragraph 1.1(iv); and
 - (c) The Secretarial Standards on meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) mentioned under paragraph 1.1 (vi) above to the extent applicable to Board and Committee meetings held during the audit period and the 26th Annual General Meeting held on 31 July, 2020 (26th AGM) and the postal ballot process which completed on 10 December, 2020. The Compliance of the provisions of the Rules made under the Act [paragraph 1.1(i)] and SS-1 [paragraph 1.1(vi)] with regard to the Board meetings and Committee meetings held through video conferencing during the audit period were verified based on the minutes of the meeting provided by the Company.
- 1.3 We are informed that, during / in respect of the year, the Company was not required to initiate any compliance related action in respect of the following laws / rules / regulations / standards, and was consequently not required to maintain any books, papers, minute books or other records or file any form / returns thereunder:
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
 - (ii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

2. Board processes:

We further report that:

- 2.1 The Board of Directors of Company as on 31 March, 2021 comprised of:
- (i) Three Executive Directors;
 - (ii) Three Non- Executive Nominee Directors, namely Mr. T. C. Suseel Kumar, Mr. Ashish Kotecha (Alternate Director to Mr. Stephen Pagliuca), and Mrs. Vasantha Govindan;

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- (iii) Six Non- Executive Independent Directors, namely Mr. Rakesh Makhija who is Non-Executive- Independent Chairman, Mr. S. Vishvanathan, Mr. Girish Paranjpe, Mr. Gopalaraman Padmanabhan and Mrs. Ketaki Bhagwati & Mrs. Meena Ganesh who are the Women Independent Directors.
- 2.2 The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the provisions of the Act and LODR:
- (i) Re-appointment of Mr. B. Baburao (DIN: 00425793) as Director retiring by rotation at the 26th AGM.
 - (ii) Re-appointment of Mr. Rakesh Makhija (DIN: 00117692) at the 26th AGM, for his second term as an Independent Director of the Bank for a period of three years with effect from 27 October, 2020 up to 26 October, 2023 (both days inclusive).
 - (iii) Appointment of Mr. T. C. Suseel Kumar (DIN:06453310) as Additional Non- Executive, Nominee Director of the Bank with effect from 1 July, 2020.The said appointment was approved by the Shareholders at the 26th AGM.
 - (iv) Appointment of Mrs. Meena Ganesh (DIN: 00528252) as an Independent Director of the Bank, for a period of four years, with effect from 1 August, 2020 up to 31 July, 2024 (both days inclusive), passed through Postal Ballot on 9 December, 2020.
 - (v) Resignation of Mr. Pralay Mondal, Executive Director (DIN: 00117994) with effect from close of business hours of 14 September, 2020.
 - (vi) Re-appointment of Mrs. Ketaki Bhagwati (DIN: 07367868) for her second term as Independent Director for three years with effect from 19 January, 2021 to 18 January, 2024 (both days inclusive), passed through Postal Ballot on 9 December, 2020.
 - (vii) Appointment of Mr. Gopalaraman Padmanabhan (DIN: 07130908) as an Independent Director of the Bank, for a period of four years, with effect from 28 October, 2020 up to 27 October, 2024 (both days inclusive) passed through Postal Ballot on 9 December, 2020.
 - (viii) Appointment of Mr. Ashish Kotecha (DIN: 02384614) as an Alternative Director for Mr. Stephen Pagliuca with effect from 01 November, 2020. The tenure of Mr. Ashish Kotecha as an Alternate Director is co-terminus with that of Mr. Stephen Pagliuca, Original Director i.e. up to close of business hours on 18 December, 2021.
 - (ix) Cessation of the tenure of Mr. Rohit Bhagat (DIN: 02968574) as an Independent Director of the Bank, with effect from close of business hours on 15 January, 2021.
 - (x) Resignation of Mr. B Baburao (DIN: 0425793) as Non-Executive (Nominee) Director of the Bank, with effect from 22 January, 2021.
 - (xi) Appointment of Mrs. Vasantha Govindan (DIN: 02230959) as Additional Non-Executive (Nominee) Director with effect from 27 January, 2021.
- 2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings, except for two meetings which were convened at a shorter notice to transact urgent business.
- 2.4 Notice of Board meetings and Committee meetings was sent to all directors at least seven days in advance for all the meetings held during the audit period.
- 2.5 Agenda and detailed notes on agenda were sent to the directors at least seven days before the board meetings, other than those which included price sensitive information.
- 2.6 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1:
- (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement / results, unaudited financial results and connected papers; and
 - (ii) Additional subjects / information / presentations and supplementary notes.
- 2.7 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.
- 2.8 We note from the minutes verified that, at the Board meetings held during the year:
- (i) Majority decisions were carried through; and
 - (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

3. Compliance mechanism

There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. Specific events / actions

4.1 During the year, the following specific events / actions having a major bearing on the Company's affairs took place, in pursuance of the above referred laws, rules, regulations and standards:

- Approval of members was accorded by way of a special resolution passed in the 26th AGM for borrowing / raising of funds denominated in Indian rupees or any other permitted foreign currency, by issue of debt securities including but not limited to long term bonds, green bonds, non- convertible debentures, perpetual debt instruments, AT 1 Bonds, Infrastructure Bonds and Tier II Capital Bonds or such other debt market security permitted by RBI, from time to time, on a private placement basis and / or making offers / invitations thereof in one or more tranches within a period of one year of passing of the resolution up to a limit of ₹ 35,000 crores, in domestic and / or overseas market within the overall outstanding borrowing limits of the Bank.
- Approval of members was accorded by way of special resolution passed in the 26th AGM for raising funds through issue of equity shares / depository receipts and / or any other instruments or securities representing either equity shares and / or convertible securities linked to equity shares including through Qualified Institutional Placements / American Depository Receipts / Global Depository Receipts / preferential allotment or such other permissible mode / or combination thereof, in one or more tranches for an aggregate amount not exceeding ₹ 15,000 crores.
- The Committee of Whole-Time Directors at its meeting held on August 11, 2020 has approved the allotment of 23,80,38,560 equity shares at a price of ₹ 420.10 per equity share, under the Qualified Institutional Placement Issue.
- During the audit period, the Bank has allotted equity shares under ESOS, as follows:

Sr. No.	Date of Allotment	No. of Equity Shares	Sr. No.	Date of Allotment	No. of Equity Shares
1	07.04.2020	11,500 shares	24	02.11.2020	15,200 shares
2	13.04.2020	61,500 shares	25	09.11.2020	1,53,500 shares
3	20.04.2020	83,900 shares	26	17.11.2020	84,275 shares
4	28.04.2020	94,675 shares	27	23.11.2020	2,86,150 shares
5	04.05.2020	9,750 shares	28	01.12.2020	1,68,400 shares
6	11.05.2020	6,750 shares	29	07.12.2020	1,10,700 shares
7	18.05.2020	19,300 shares	30	14.12.2020	1,76,141 shares
8	26.05.2020	1,750 shares	31	21.12.2020	2,19,570 shares
9	01.06.2020	500 shares	32	28.12.2020	76,287 shares
10	08.06.2020	30,400 shares	33	04.01.2021	45,785 shares
11	15.06.2020	11,000 shares	34	11.01.2021	63,900 shares
12	22.06.2020	14,000 shares	35	18.01.2021	97,750 shares
13	06.07.2020	1,125 shares	36	25.01.2021	53,300 shares
14	13.07.2020	500 shares	37	01.02.2021	41,000 shares
15	27.07.2020	2,890 shares	38	08.02.2021	5,56,853 shares
16	17.08.2020	9,500 shares	39	15.02.2021	2,83,600 shares
17	24.08.2020	10,000 shares	40	22.02.2021	2,19,133 shares
18	31.08.2020	51,450 shares	41	01.03.2021	2,35,570 shares
19	07.09.2020	8,900 shares	42	08.03.2021	2,30,140 shares
20	14.09.2020	13,500 shares	43	15.03.2021	89,801 shares
21	21.09.2020	1,200 shares	44	22.03.2021	2,13,715 Shares
22	28.09.2020	500 shares	45	30.03.2021	1,53,023 shares
23	26.10.2020	13,775 shares			

Other Reports

4.2 The Bank along with its subsidiaries i.e. Axis Capital Limited and Axis Securities Limited (herein after referred as 'Axis Entities') on 6 April, 2021 have collectively acquired shares of Max Life Insurance Company Limited (Max Life), by way of transfer of equity shares of Max Life from Max Financial Services Limited. As a result, Axis Entities together hold 12.99% equity stake in Max Life pursuant to transfer of shares.

For BNP & Associate

Company Secretaries

Firm Registration No.: P2014MH037400

PR. No.: 637/2019

Avinash Bagul

Partner

FCS No.: 5578 / C P No.: 19862

UDIN: F005578C000195636

Date : 28.04.2021

Place : Mumbai

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To

**The Members
Axis Bank Limited**

Secretarial Audit Report of even date is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31 March, 2021 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal / professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
7. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associate

Company Secretaries

Firm Registration No.: P2014MH037400

PR. No.: 637/2019

Avinash Bagul

Partner

FCS No.: 5578 / C P No.: 19862

UDIN: F005578C000195636

Date : 28.04.2021

Place : Mumbai

Other Reports

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Members
Axis Bank Limited
Trishul, 3rd Floor,
Opp. Samartheshwar Temple,
Law Garden Ellisbridge,
Ahmedabad - 380 006
Gujarat

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Axis Bank Limited having Corporate Identity Number (CIN): L65110GJ1993PLC020769 and having its Registered Office at Trishul, 3rd Floor, Opp. Samartheshwar Temple, Law Garden Ellisbridge, Ahmedabad - 380 006, Gujarat (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal of Ministry of Corporate Affairs (MCA) i.e., www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its Officers, we hereby certify that none of the Directors on the Board of the Company as stated below for Financial Year ended on March 31, 2021, have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company(*)
1.	Mr. Rakesh Makhija	00117692	27.10.2015
2.	Ms. Meena Ganesh	00528252	01.08.2020
3.	Mr. Amitabh Chaudhry	00531120	01.01.2019
4.	Mr. Girish Paranjpe	02172725	02.11.2018
5.	Mr. Srinivas Vishvanathan	02255828	11.02.2015
6.	Mr. Rajiv Anand	02541753	12.05.2016
7.	Ms. Ketaki Bhagwati	07367868	19.01.2016
8.	Mr. Rajesh Kumar Dahiya	07508488	12.05.2016
9.	Mr. Stephen Pagliuca	07995547	19.12.2017
10.	Mr. Tharavanat C. Suseelkumar	06453310	01.07.2020
11.	Mr. Padmanabhan Gopalaraman	07130908	28.10.2020
12.	Mr. Ashish Kotecha	02384614	01.11.2020
13.	Ms. Vasantha Govindan	02230959	27.01.2021

Note: (*) The date of appointment is as per the date reflected in MCA records.

Ensuring the eligibility of / for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For BNP & Associate

Company Secretaries

Firm Registration No.: P2014MH037400

PR. No.: 637/2019

Avinash Bagul

Partner

Date : 28.04.2021

Place : Mumbai

FCS No.: 5578 / C P No.: 19862

UDIN: F005578C000195691

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>1. Information Technology (IT) Controls Framework</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 & 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>2. Classification, Provisioning and Write off of Advances</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>Our audit procedures included, but were not limited to the following:</p> <ol style="list-style-type: none"> 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"> • Tested on sample basis, the annual review /renewal assessments carried out by the management and controls over the monitoring of credit quality; • 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; • 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; • 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; • 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; • 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. 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.

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 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 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 data-bbox="826 752 1474 826">iv. Validated the parameters used to calculate provisions with reference to IRAC norms, internal policies on higher provisions on NPA advances; <li data-bbox="826 847 1474 922">v. Re-performed, on sample basis for retail and Corporate portfolios, the calculation of provisions, to determine the accuracy of the same; <li data-bbox="826 942 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.

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
Capital and Liabilities			
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
Total		9,961,184,206	9,151,648,161
Assets			
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
Total		9,961,184,206	9,151,648,161
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		
I Income					
Interest earned	13	636,452,910	626,351,574		
Other income	14	148,382,032	155,365,607		
Total		784,834,942	781,717,181		
II Expenditure					
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		
Total		718,949,936	765,445,027		
III Net Profit for the year (I - II)		65,885,006	16,272,154		
Balance in Profit & Loss Account brought forward from previous year		261,904,547	243,229,953		
IV Amount Available for Appropriation		327,789,553	259,502,107		
V Appropriations:					
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		
Balance in Profit & Loss Account carried forward		299,575,958	245,851,741		
Total		327,789,553	259,502,107		
VI Earnings per Equity Share	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

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

Standalone Financial Statements

Cash Flow Statement

For the year ended 31 March, 2021

(₹ in Thousands)

	Year ended 31-03-2021	Year ended 31-03-2020
Cash flow from operating activities		
Net profit before taxes	88,058,457	49,042,266
Adjustments for:		
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)
	271,909,533	243,292,006
Adjustments for:		
(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)
Net cash flow from operating activities	135,826,442	296,132,771
Cash flow from investing activities		
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
Net cash used in investing activities	(541,067,970)	(97,670,372)

(₹ in Thousands)

	Year ended 31-03-2021	Year ended 31-03-2020
Cash flow from financing activities		
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)
Net cash generated from financing activities	50,586,255	101,179,687
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
Cash and cash equivalents at the end of the year	617,298,210	972,682,803
Notes to the Cash Flow Statement:		
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
Cash and cash equivalents at the end of the year	617,298,210	972,682,803
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)		
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
Issued, Subscribed and Paid-up capital		
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)		
I. Statutory Reserve		
Opening Balance	131,519,285	127,451,247
Additions during the year	16,471,251	4,068,038
	147,990,536	131,519,285
II. Share Premium Account		
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)
	512,293,884	411,382,037
III. General Reserve		
Opening Balance	3,543,100	3,543,100
Additions during the year	-	-
	3,543,100	3,543,100
IV. Capital Reserve		
Opening Balance	24,329,134	20,923,889
Additions during the year [Refer Schedule 18 (2.2.1)]	8,482,344	3,405,245
	32,811,478	24,329,134
V. Foreign Currency Translation Reserve [Refer Schedule 17 (5.6)]		
Opening Balance	1,787,213	792,850
Additions during the year	-	994,363
Deductions during the year*	(916,416)	-
	870,797	1,787,213
VI. Reserve Fund		
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)	-
	-	89,756
VII. Investment Fluctuation Reserve		
Opening Balance	9,280,000	6,000,000
Additions during the year [Refer Schedule 18 (2.2.2)]	3,260,000	3,280,000
	12,540,000	9,280,000
VIII. Balance in Profit & Loss Account brought forward	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
Total	1,009,902,605	843,835,072

* 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
	Total	7,073,060,801	6,401,049,373
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
	Total	7,073,060,801	6,401,049,373

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
	Total	1,428,731,597	1,479,541,330
	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
	Total	443,361,706	421,579,030

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
Total	518,085,592	849,592,391

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

	(₹ in Thousands)	
	As at 31-03-2021	As at 31-03-2020
I. In India		
(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	-	-
Total	8,938,404	26,274,000
II. Outside India		
(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
Total	90,274,214	96,816,412
Grand Total (I+II)	99,212,618	123,090,412

Schedule 8 - Investments

	(₹ in Thousands)	
	As at 31-03-2021	As at 31-03-2020
I. Investments in India in -		
(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
Total Investments in India	2,216,578,552	1,514,061,181
II. Investments outside India in -		
(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
Total Investments outside India	44,617,661	53,282,022
Grand Total (I+II)	2,261,196,213	1,567,343,203

** 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
Total	6,237,201,879	5,714,241,564
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
Total	6,237,201,879	5,714,241,564
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
Total	5,787,205,378	5,267,855,923
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
Total	449,996,501	446,385,641
Grand Total (CI+CII)	6,237,201,879	5,714,241,564

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
I. Premises		
Gross Block		
At cost at the beginning of the year	18,377,019	17,917,015
Additions during the year	-	460,004
Deductions during the year	-	-
Total	18,377,019	18,377,019
Depreciation		
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	-	-
Depreciation to date	2,195,125	1,916,837
Net Block	16,181,894	16,460,182

Standalone Financial Statements

	(₹ in Thousands)	
	As at 31-03-2021	As at 31-03-2020
II. Other fixed assets (including furniture & fixtures)		
Gross Block		
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)
Total	79,505,358	67,624,322
Depreciation		
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)
Depreciation to date	54,334,010	45,698,604
Net Block	25,171,348	21,925,718
III. Capital Work-in-Progress (including capital advances)	1,097,022	4,743,070
Grand Total (I+II+III)	42,450,264	43,128,970

* 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 ⁵	-	-
VI. Others # [@]	713,716,357	767,368,479
Total	803,037,640	854,251,621

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)

⁵ 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
Total (a+b+c)	8,820,398,126	8,026,900,545
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
Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.2.16)]	10,526,588,107	9,229,687,554

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
Total	636,452,910	626,351,574

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
Total	148,382,032	155,365,607

* 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
Total	344,061,692	374,289,538

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
Total	183,751,491	173,046,243

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.

Standalone Financial Statements

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.

Standalone Financial Statements

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. Arrangements/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due, 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

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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 ¹ (Refer 2.2.11)	(271.79)	385.76
	2,217.35	3,277.01
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 ²	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 ³	215.67	4,205.08
Total	19,113.68	21,810.92

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
Total capital	121,577.36	107,005.12
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%
CRAR	19.12%	17.53%
Amount of equity capital raised	47.61*	48.82*
Amount of additional Tier I capital raised of which:		
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI) (details given below)	-	-
Amount of Tier II capital raised of which:		
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 [#]	6.78	7.56
Non-interest income as a percentage to working funds [#]	1.58	1.87
Operating profit ^{\$\$} as a percentage to working funds [#]	2.74	2.83
Return on assets (based on working funds [#])	0.70	0.20
Business (deposits less inter-bank deposits plus advances) per employee ^{**}	₹17.13 crores	₹17.27 crores
Profit per employee ^{**}	₹8.66 lacs	₹2.40 lacs
Net non-performing assets as a percentage of net customer assets [*]	1.05	1.56

[#] 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

^{\$\$} Operating profit represents total income as reduced by interest expended and operating expenses

^{**} Productivity ratios are based on average employee numbers for the year

^{*} Net Customer assets include advances and credit substitutes

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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
Sub-total (A)	42,714.09	4,766.33	47,480.42
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
Sub-total (B)	20,032.40	2,133.18	22,165.58
Gross NPAs as at the end of the year (A-B)	22,681.69	2,633.15	25,314.84

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
Sub-total (A)	44,497.09	5,207.36	49,704.45
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
Sub-total (B)	17,892.99	1,577.64	19,470.63
Gross NPAs as at the end of the year (A-B)	26,604.10	3,629.72	30,233.82

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)
Closing balance at the end of the year#	6,584.59	408.93	6,993.52

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
Closing balance at the end of the year[#]	9,251.99	108.42	9,360.41

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)
Closing balance at the end of the year	16,043.23	2,145.75	18,188.98

* 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)
Closing balance at the end of the year	17,313.75	3,488.93	20,802.68

* 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
Sub-total (A)	33,729.09	26,898.14
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
Sub-total (B)	1,873.17	3,054.07
Closing balance at the end of the year (A-B)	31,855.92	23,844.07

* 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
A Priority Sector						
1 Agriculture and allied activities	44,334.56	1,848.23	4.17%	32,454.55	1,575.93	4.86%
2 Advances to industries sector eligible as priority sector lending	47,051.88	1,517.01	3.22%	27,953.55	1,237.85	4.43%
-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%
3 Services	35,766.13	1,184.42	3.31%	21,240.75	874.42	4.12%
-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%
4 Personal loans	59,936.15	1,021.24	1.70%	64,190.85	525.20	0.82%
-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%
Sub-total (A)	187,088.72	5,570.90	2.98%	145,839.70	4,213.40	2.89%
B Non Priority Sector						
1 Agriculture and allied activities	972.47	14.00	1.44%	166.08	18.19	10.95%
2 Industry	146,128.03	10,779.02	7.38%	163,800.40	16,248.24	9.92%
-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%
3 Services	97,425.54	3,340.18	3.43%	95,904.00	4,923.83	5.13%
-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%
4 Personal loans	208,210.29	2,977.59	1.43%	183,087.52	1,200.44	0.66%
-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%
Sub-total (B)	452,736.33	17,110.79	3.78%	442,958.00	22,390.70	5.05%
Total (A+B)	639,825.05	22,681.69	3.54%	588,797.70	26,604.10	4.52%

* 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* [§]	31,751.42	11,177.22
Respective amount where asset classification benefit is extended (net of NPAs)* [®]	6,264.23	735.10
Provisions made as of the year end [#]	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

[§] amounts covered relate to cases where asset classification benefit would have been availed over moratorium period

[®] determined based on position as at the end of moratorium period

[#] 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	-	-
Closing balance at the end of the year	3.25	3.25

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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)
Closing balance	1,954.60	649.20

*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
Total	167,563.27	51,763.47	6,792.88	226,119.62	114,885.47	36,044.74	5,804.11	156,734.32

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

(₹ in crores)

As at	31 March, 2021	31 March, 2020
A. Exposure to Real Estate Sector		
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
Total Exposure to Real Estate Sector	207,007.45	180,518.32
B. Exposure to Capital Market		
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
Total exposure to Capital Market (Total of 1 to 10)	13,341.53	10,173.85

* 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.
	Total	45,416.78	34,052.01	1,735.14	785.03	11,815.09

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.
	Total	34,816.25	29,075.12	2,299.31	601.14	14,027.30

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)
Closing balance	2,633.15	3,629.72
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
Securities sold under repos				
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
Securities purchased under reverse repos				
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 2nd 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
Securities sold under repos				
i. Government Securities	-	14,761.55	1,386.37	11,269.61
ii. Corporate debt Securities	-	2,261.12	732.34	363.19
Securities purchased under reverse repos				
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 2nd 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)
Total (i) + (ii), net of provisions	-	-	-	-

(₹ 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)
Total (i) + (ii), net of provisions	1,770.28	3.29	-	1,773.57

* 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	-	-	-	-
Total	28,129.86	-	25,844.93	12.17

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 ¹	Advances ^{1,2}	Investments ^{1,4}	Borrowings ¹	Foreign Currency Assets ³	Foreign Currency Liabilities ³
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
Total	707,306.08	623,720.19	225,926.74	142,873.16	72,589.84	69,517.53

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 ¹	Advances ^{1,2}	Investments ¹	Borrowings ¹	Foreign Currency Assets ³	Foreign Currency Liabilities ³
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
Total	640,104.94	571,424.16	156,734.32	147,954.13	74,614.50	98,560.55

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 ^{1,2}	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 ³	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding - Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts during the FY ^{4,5,6}	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 ^{1,2}	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 ³	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 ^{4,5,6}	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:

- 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
- 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)
- Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
- Includes accounts partially written-off during the year
- Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
- 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)
- 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
- 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		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 ^{1,2}	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 ³	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 ^{4,5,6}	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 ^{1,2}	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	-	-	-	-	-	-	-	-	-	-

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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 ³	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 ^{4,5,6}	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	-	-	-	-	-
Total	8,033	844.60	-	6.01	84.46

* 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 [#]	99,358	9
Amount outstanding	251.32	16.35

[#] 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 [#]	6	6
Fund based outstanding as on 31 March	875.32	640.09

[#] 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 [#]	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

[#] includes prudentially written-off accounts

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

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- 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
	4,159	286,826.48		

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
	3,309	254,925.26		

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
	325	48,041.35		

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
	311	46,351.14		

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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
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	
	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
		4,354.43
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2021	
	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
		549.79
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2021 and “not highly effective”	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2021 and “not highly effective”	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
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	
	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
		16,228.63
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2021	
	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
		320.82
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2020 and “not highly effective”	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2020 and “not highly effective”	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 appraises 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 derivatives¹:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2021			
		Currency Derivatives			Interest rate Derivatives
		Forward Contracts ⁴	CCS	Options	
1	Derivatives (Notional Principal Amount)				
	a) For hedging	48,038.85	-	-	7,311.00
	b) For trading	462,079.03	48,041.35	36,504.32	279,515.48
2	Marked to Market Positions^{2,3}				
	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)
3	Credit Exposure³	16,831.99	7,274.49	1,037.29	6,275.57
4	Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2021)				
	a) on hedging derivatives	2.48	-	-	0.52
	b) on trading derivatives	6.63	3.29	27.34	36.49
5	Maximum and Minimum of 100*PV01 observed during the year				
	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 ⁴	CCS	Options	
1	Derivatives (Notional Principal Amount)				
	a) For hedging	43,612.28	-	-	16,230.14
	b) For trading	412,366.46	46,351.14	45,114.10	238,695.12
2	Marked to Market Positions^{2,3}				
	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)
3	Credit Exposure³	21,166.53	7,811.75	1,373.69	6,428.92
4	Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2020)				
	a) on hedging derivatives	12.33	-	-	1.32
	b) on trading derivatives	12.31	5.77	13.02	52.98
5	Maximum and Minimum of 100*PV01 observed during the year				
	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
Complaints received by the Bank from its customers		
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
Maintainable complaints received by the Bank from OBOs		
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
Total	965	360,342	80%	17,525	3,104

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
Total	1,217	200,484	N.A.	965	387

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 ¹	18 ²
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 ³
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 ³
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 ³
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 ⁴
- Variable	₹43.69 crores ²
- Deferred	₹39.86 crores fair value of 2,776,000 options granted during the year ³
- Non-deferred	₹3.83 crores ²
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 ⁵ -	₹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 ¹
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 ²
- Variable	₹14.23 crores ¹
- Deferred	Nil
- Non-deferred	₹14.23 crores ¹
- 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
	Total	1,453.16	1,117.20

- 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
Total	59,720.50	48,320.50

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
Total	49,975.50	48,320.00

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)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLAs)		197,825.03		172,647.49		177,830.91		180,564.29
Cash Outflows								
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
8 Total Cash Outflows		230,451.26		214,521.24		194,712.81		188,318.08
Cash Inflows								
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
12 Total Cash Inflows	94,021.55	58,636.84	71,380.42	51,232.15	71,683.30	41,675.05	83,120.22	38,130.21
	Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
21 Total HQLA		197,825.03		172,647.49		177,830.91		180,564.29
22 Total Net Cash Outflows		171,814.42		163,289.09		153,037.76		150,187.87
23 Liquidity Coverage Ratio %		115.14%		105.73%		116.20%		120.23%

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)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLAs)		153,367.16		136,689.42		131,204.91		131,403.54
Cash Outflows								
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
8 Total Cash Outflows		189,609.74		158,047.95		149,311.55		151,882.31
Cash Inflows								
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
12 Total Cash Inflows	92,650.41	54,382.36	62,044.23	37,563.85	54,120.62	39,970.53	64,098.94	47,334.44
	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	-
Outstanding at the end of the year	38,109,654	306.54 to 757.10	544.21	4.22
Exercisable at the end of the year	25,062,306	306.54 to 757.10	537.63	3.19

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	-
Outstanding at the end of the year	32,665,885	306.54 to 757.10	557.01	4.15
Exercisable at the end of the year	20,373,840	306.54 to 757.10	505.98	3.03

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)
Net Profit (Proforma) (₹ in crores)	6,442.97	1,490.15
Earnings per share: Basic (in ₹)		
As reported	22.15	5.99
Proforma	21.66	5.49
Earnings per share: Diluted (in ₹)		
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.

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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	
Segment Revenue					
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
Total income as per Profit and Loss Account	19,786.63	20,953.41	36,126.45	1,617.00	78,483.49
Add/(less) inter segment interest income	721.78	6,053.05	27,146.96	0.01	33,921.80
Total segment revenue	20,508.41	27,006.46	63,273.41	1,617.01	112,405.29
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
Operating profit	5,723.05	8,277.95	10,490.95	1,210.22	25,702.17
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					-
Segment result	3,464.92	1,693.18	2,438.26	1,209.48	8,805.84
Less: Provision for tax					2,217.34
Extraordinary profit/loss					-
Net Profit					6,588.50
Segment assets	348,716.95	281,270.28	357,256.83	277.25	987,521.31
Unallocated assets					8,597.11
Total assets					996,118.42
Segment liabilities	262,476.41	166,570.97	463,395.24	82.09	892,524.71
Unallocated liabilities					1,990.70
Total liabilities					894,515.41
Net assets	86,240.54	114,699.31	(106,138.41)	195.16	101,603.01
Capital expenditure for the year	11.07	344.53	900.42	10.24	1,266.26
Depreciation on fixed assets for the year	8.29	257.98	674.21	7.67	948.15

* represents material non-cash items other than depreciation

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(₹ in crores)

	31 March, 2020				Total
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	
Segment Revenue					
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
Total income as per Profit and Loss Account	18,562.38	22,390.81	35,976.17	1,242.36	78,171.72
Add/(less) inter segment interest income	4,813.04	6,524.53	25,323.09	0.01	36,660.67
Total segment revenue	23,375.42	28,915.34	61,299.26	1,242.37	114,832.39
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
Operating profit	4,428.06	8,795.68	9,293.88	920.52	23,438.14
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
Segment result	1,828.42	(930.38)	4,968.33	920.14	4,904.23
Less: Provision for tax					3,277.01
Extraordinary profit/loss					-
Net Profit					1,627.22
Segment assets	320,153.31	257,557.11	328,156.61	283.88	906,150.91
Unallocated assets					9,013.91
Total assets					915,164.82
Segment liabilities	291,911.84	132,443.67	403,812.82	63.49	828,231.82
Unallocated liabilities					1,985.15
Total liabilities					830,216.97
Net assets	28,241.47	125,113.44	(75,656.21)	220.39	84,947.85
Capital expenditure for the year	6.89	229.82	624.99	8.66	870.36
Depreciation on fixed assets for the year	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

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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 [#]	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

[#] 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 [#]	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

[#] 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

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

[#] 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 [#]	Subsidiaries	Total
Deposits with the Bank	7,119.06	16.01	5.99	565.88	7,706.94
Placement of security deposits	0.31	-	-	-	0.31
Advances	1.31	4.85	0.03	351.56	375.75
Investment of the Bank	-	-	-	2,292.82	2,292.82
Investment in non-equity instruments of related party	-	-	-	-	-
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)	-	-	-	6.13	6.13
Other payables (net)	-	-	-	26.64	26.64

[#] 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	17,785.86
Placement of deposits	0.31	-	-	-	0.31
Advances	11.51	10.99	0.06	1,473.93	1,496.49
Investment of the Bank	-	-	-	2,292.82	2,292.82
Investment of related party in the Bank	93.60	0.09	-	-	93.69
Investment in non-equity instruments of related party	290.05	-	-	-	290.05
Non-funded commitments	3.33	-	-	-	3.33
Call lending	-	-	-	55.61	55.61
Swaps/Forward contracts	-	-	-	1.51	1.51
Investment of related party in Hybrid Capital/ Bonds of the Bank	2,815.00	-	-	-	2,815.00
Other receivables (net)	-	-	-	17.94	17.94
Other payables (net)	-	-	-	88.19	88.19

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
Dividend paid		
Life Insurance Corporation of India	-	26.32
Administrator of the Specified Undertaking of the Unit Trust of India	-	13.69
Dividend received		
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
Interest paid		
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
Interest received		
Axis Finance Limited	7.90	52.28
Axis Bank UK Limited	-	0.06
Investment in Subsidiaries		
A.Treds Limited	6.70	6.70
Investment in non-equity instruments of related party		
Axis Finance Limited	300.00	45.00
Investment of related party in the Bank		
Mr. Rajiv Anand	4.82	2.62
Mr. Rajesh Dahiya	4.01	2.82
Purchase of Investments		
Axis Bank UK Limited	-	369.16
Redemption of Hybrid capital/Bonds of the Bank		
General Insurance Corporation Co. Limited	-	10.00
National Insurance Co. Limited	-	20.00
United India Insurance Co. Limited	-	25.00
Sale of investments		
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
Management contracts		
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
Remuneration paid		
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
Contribution to employee benefit fund		
Life Insurance Corporation of India	14.33	15.42

Particulars	31 March, 2021	31 March, 2020
Placement of deposits		
Life Insurance Corporation of India	1.59	-
Repayment of Call/Term lending by related party		
Axis Bank UK Limited	-	55.61
Swaps/Forward contracts		
Axis Bank UK Limited	474.45	79.34
Advance granted (net)		
Axis Asset Management Company Limited	0.24	0.37
Axis Securities Limited	-	0.08
Axis Finance Limited	100.11	-
Advance repaid		
Axis Capital Limited	-	19.54
Axis Finance Limited	351.09	64.32
Purchase of loans		
Axis Bank UK Limited	338.97	-
Receiving of services		
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
Rendering of services		
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
Sale/Purchase of foreign exchange currency to/from related party		
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
Royalty received		
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
Other reimbursements from related party		
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
Other reimbursements to related party		
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)
Closing balance as at 31 March	702.52	530.85
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
Deferred tax assets	7,561.81	7,312.51
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
Deferred tax liabilities	42.04	57.54
Net Deferred tax assets	7,519.77	7,254.97

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
Total included in "Employee Benefit Expense" [Schedule 16(I)]	135.39	109.92
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
Net Asset/(Liability)	-	-
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset/Liability	-	-

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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
Change in Defined Benefit Obligation		
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)
Closing Defined Benefit Obligation	2,861.59	2,494.37

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

	(₹ in crores)	
	31 March, 2021	31 March, 2020
Change in the Fair Value of Assets		
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)
Closing Fair Value of Plan Assets	2,861.59	2,494.37

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
Total included in "Employee Benefit Expense" [Schedule 16(I)]	-	(8.99)

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)

	(₹ in crores)	
	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
Total included in "Employee Benefit Expense" [Schedule 16(I)]	35.29	95.89
Actual Return on Plan Assets	40.93	22.86

Balance Sheet

Details of provision for gratuity

	(₹ in crores)	
	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
Net Asset/ (Liability)	(7.44)	-
Amounts in Balance Sheet		
Liabilities	7.44	-
Assets	-	-
Net Liability (included under Schedule 5 – Other Liabilities)	(7.44)	-

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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
Change in Defined Benefit Obligation		
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)
Closing Defined Benefit Obligation	516.43	469.30

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

	(₹ in crores)	
	31 March, 2021	31 March, 2020
Change in the Fair Value of Assets		
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)
Closing Fair Value of Plan Assets	508.22	467.75

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	-	-
Closing balance at the end of the year	88.61	77.66

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)
Closing provision at the end of the year	305.36	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)	-
Closing provision at the end of the year	3,006.25	2,842.99

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.	Information Technology (IT) Controls Framework 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 & 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>2. Classification, Provisioning and Write off of Advances (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>Our audit procedures included, but were not limited to the following:</p> <ol style="list-style-type: none"> 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"> • Tested on sample basis, the annual review/renewal assessments carried out by the management and controls over the monitoring of credit quality; • 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; • 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; • 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; • 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; • 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. 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.

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"> i. Tested the Bank's processes for making provision on advances for compliance with RBI regulations and internally laid down policies for provisioning; ii. Tested the completeness and accuracy of data transferred from underlying source systems used for computing collective provision; 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; iv. Validated the parameters used to calculate provisions with reference to IRAC norms, internal policies on higher provisions on NPA advances; v. Re-performed, on sample basis for retail and Corporate portfolios, the calculation of provisions, to determine the accuracy of the same; 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.

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
Capital and Liabilities			
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
Total		10,103,253,271	9,278,718,058
Assets			
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
Total		10,103,253,271	9,278,718,058
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
I Income			
Interest earned	13	646,964,187	637,156,804
Other income	14	161,515,224	163,419,937
Total		808,479,411	800,576,741
II Expenditure			
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
Total		735,955,535	781,789,193
III Net Profit for the year		72,523,876	18,787,548
Minority interest		(568,914)	(256,409)
IV Consolidated Net Profit attributable to Group		71,954,962	18,531,139
Balance in Profit & Loss Account brought forward from previous year		271,258,184	251,175,230
V Amount available for Appropriation		343,213,146	269,706,369
VI Appropriations:			
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
Balance in Profit & Loss Account carried forward		314,392,326	255,205,377
Total		343,213,146	269,706,369
VII Earnings per Equity Share	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 Financial Statements

Consolidated Cash Flow Statement

For the year ended 31 March, 2021

(₹ in Thousands)

	Year ended 31-03-2021	Year ended 31-03-2020
Cash flow from operating activities		
Net profit before taxes	96,931,875	52,544,043
Adjustments for:		
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
	282,700,078	251,361,036
Adjustments for:		
(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)
Net cash flow from operating activities	126,328,811	304,156,356
Cash flow from investing activities		
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
Net cash used in investing activities	(541,948,212)	(96,588,630)
Cash flow from financing activities		
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
Net cash generated from financing activities	72,793,319	88,651,340

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
Cash and cash equivalents at the end of the year	634,243,526	977,997,744
Notes to the Cash Flow Statement:		
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
Cash and cash equivalents at the end of the year	634,243,526	977,997,744
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
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
Issued, Subscribed and Paid-up capital		
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
I. Statutory Reserve		
Opening Balance	131,519,285	127,451,247
Additions during the year	16,471,251	4,068,038
	147,990,536	131,519,285
II. Share Premium Account		
Opening Balance	411,698,589	259,821,526
Additions during the year	101,281,656	152,488,174
Less: Share issue expenses	(259,909)	(611,111)
	512,720,336	411,698,589
III. General Reserve		
Opening Balance	4,074,815	4,040,677
Additions during the year	184,925	34,138
	4,259,740	4,074,815
IV. Capital Reserve		
Opening Balance	24,329,521	20,924,276
Additions during the year	8,482,344	3,405,245
	32,811,865	24,329,521
V. Foreign Currency Translation Reserve [Refer Schedule 17 (5.6)]		
Opening Balance	3,427,684	1,692,088
Additions during the year	-	1,735,596
Deductions during the year	(1,115,233)	-
	2,312,451	3,427,684
VI. Reserve Fund		
Opening Balance	89,756	81,254
Additions during the year	-	8,502
Deductions during the year*	(89,756)	-
	-	89,756

	(₹ in Thousands)	
	As at 31-03-2021	As at 31-03-2020
VII. Reserve Fund u/s 45 IC of RBI Act, 1934		
Opening Balance	2,083,100	1,696,600
Additions during the year	422,300	386,500
	2,505,400	2,083,100
VIII. Investment Fluctuation Reserve		
Opening Balance	9,280,000	6,000,000
Additions during the year	3,260,000	3,280,000
	12,540,000	9,280,000
IX. Balance in Profit & Loss Account brought forward	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
TOTAL	1,029,809,507	857,760,934

* 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
I. Minority Interest		
Opening Balance	1,135,557	846,147
Increase during the year	601,914	289,410
Closing Minority Interest	1,737,471	1,135,557

Schedule 3 - Deposits

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

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
	Total	1,522,487,176	1,551,801,659
	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
	Total	466,857,406	440,804,466

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
	Total	518,085,660	849,592,711

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

		(₹ in Thousands)	
		As at 31-03-2021	As at 31-03-2020
I.	In India		
	(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	-	-
	Total	14,289,252	29,548,692

(₹ in Thousands)

	As at 31-03-2021	As at 31-03-2020
II. Outside India		
(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
Total	101,868,614	98,856,341
Grand Total (I+II)	116,157,866	128,405,033

Schedule 8 - Investments

(₹ in Thousands)

	As at 31-03-2021	As at 31-03-2020
I. Investments in India in -		
(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
Total Investments in India	2,213,557,682	1,501,662,737
II. Investments outside India in -		
(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
Total Investments outside India	39,800,021	51,153,607
Grand Total (I+II)	2,253,357,703	1,552,816,344

** 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	1,629,001,534	1,580,313,876
(iii) Term loans #	4,497,235,654	4,103,991,595
Total	6,350,706,914	5,829,588,354
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
Total	6,350,706,914	5,829,588,354
C. I. Advances in India		
(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
Total	5,893,252,325	5,341,810,219

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	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
Total	457,454,589	487,778,135
Grand Total [CI+CII]	6,350,706,914	5,829,588,354

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)		
I. Premises		
Gross Block		
At cost at the beginning of the year	18,377,468	17,917,464
Additions during the year*	-	460,004
Deductions during the year	-	-
Total	18,377,468	18,377,468
Depreciation		
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	-	-
Depreciation to date	2,195,173	1,916,877
Net Block	16,182,295	16,460,591
II. Other fixed assets (including furniture & fixtures)		
Gross Block		
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)
Total	81,923,229	69,743,295
Depreciation		
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)
Depreciation to date	55,991,990	47,086,522
Net Block	25,931,239	22,656,773
III. Capital Work-in-Progress (including capital advances)	1,183,391	4,826,021
Grand Total (I+II+III)	43,296,925	43,943,385

* 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 [¶]	-	-
VI. Others ^{#@} [§]	730,572,288	785,120,127
Total	821,648,203	874,372,231

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

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

[§] Includes goodwill on consolidation of ₹289.24 crores (previous year ₹289.24 crores)

[¶] 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
Total (a+b+c)	8,825,443,273	8,044,628,280
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
Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.1.16)]	10,536,249,123	9,250,067,577

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
Total	646,964,187	637,156,804

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
Total	161,515,224	163,419,937

*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
Total	349,264,439	379,959,407

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
Total	191,748,749	180,657,585

17 SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March, 2021

1. Principles of consolidation

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

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

2. Basis of preparation

- a) The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India, unless otherwise stated by the Reserve Bank of India ('RBI'), to comply with the statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, the circulars, notifications, guidelines and directives issued by the RBI from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India. Accounting policies applied have been consistent with the previous year except otherwise stated.
- b) The consolidated financial statements present the accounts of the Bank with its following subsidiaries:

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

- c) The financial statements of certain subsidiaries have been prepared in accordance with notified Indian Accounting Standards ('Ind-AS'). The financial statements of such subsidiaries used for consolidation are special purpose financial statements prepared in accordance with Generally Accepted Accounting Principles in India ('GAAP') specified under section 133 of the companies act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the companies (Accounting Standards) Amendment Rules, 2016.
- d) The audited financial statements of the above subsidiaries and the unaudited financial statements of the step down subsidiary have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2021.
- e) The financial statements of the Bank's foreign subsidiary, Axis Bank UK Ltd. ('the Company') are drawn up in accordance with International Financial Reporting Standards ('IFRSs') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC'), as adopted by the European Union.

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

Consolidated Financial Statements

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

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

3. Use of estimates

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

4. Change in accounting policies

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

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

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

4.2 Provision on Red Flagged Accounts (RFA)

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

4.3 Recognition of depreciation on investments

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

5. Significant accounting policies

5.1 Investments

Axis Bank Ltd.

Classification

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

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

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

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

All other investments are classified as AFS securities.

For disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others. Investments made outside India are classified under three categories - Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

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

Transfer of security between categories

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

Acquisition cost

Costs such as brokerage, commission etc. pertaining to investments, incurred at the time of acquisition, are charged to the Profit and Loss Account.

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

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

Valuation

Investments classified under the HTM category: Investments are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. Such amortization of premium is adjusted against interest income under the head 'Income from Investments' under Schedule 13 in Profit and Loss Account. As per the RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments classified under the AFS and HFT categories: Investments under these categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA')/ Financial Benchmark India Private Limited ('FBIL'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. Net depreciation on each type of investments under the residual category of 'Others' (i.e. mutual funds, PTCs, security receipts etc.) is not offset against gain in another class of investment within the 'Others' category. Further, in case of standard investments classified as weak (including certain unrated investments) as per the Bank's internal framework, the Bank recognizes net depreciation on such investments without availing the benefit of set-off against appreciation within the same class of investments as permitted under the extant RBI circular. The depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Non-performing investments are identified and provision is made thereon as per the RBI guidelines. Provision on such non-performing investments is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognized in the Profit and Loss Account until received.

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

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

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

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

Disposal of investments

Investments classified under the HTM category: Realised gains are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account.

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

Repurchase and reverse repurchase transactions

Repurchase (repo) and reverse repurchase transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account and the Bank continues to accrue the coupon/discount on the security during the repo period. Further, the Bank continues to value the securities sold under repo as per the investment classification of the security. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

Short Sales

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

Subsidiaries

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

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

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

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

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

5.2 Advances

Axis Bank Ltd.

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

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

In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of commercial banking group advances and agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. NPAs are upgraded to standard as per the extant RBI guidelines. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations. In the case of NPAs referred to the National Company Law Tribunal ('NCLT') under Insolvency and Bankruptcy Code ('IBC') where resolution plan or liquidation order has been approved by NCLT, provision is maintained at higher of the requirement under the RBI guidelines or the likely haircut as per resolution plan or liquidation order.

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

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

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

Amounts recovered against debts written off are recognised in the Profit and Loss account and included under "Other Income".

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

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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.

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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 ¹ (Refer 2.1.11)	(259.18)	324.41
	2,497.69	3,401.29
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 ²	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 ³	229.48	4,224.49
Total	19,494.23	22,117.22

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	-
Outstanding at the end of the year	38,109,654	306.54 to 757.10	544.21	4.22
Exercisable at the end of the year	25,062,306	306.54 to 757.10	537.63	3.19

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	-
Outstanding at the end of the year	32,665,885	306.54 to 757.10	557.01	4.15
Exercisable at the end of the year	20,373,840	306.54 to 757.10	505.98	3.03

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)
Net Profit (Proforma) (₹ in crores)	7,049.97	1,716.04
Earnings per share: Basic (in ₹)		
As reported	24.19	6.83
Proforma	23.70	6.32
Earnings per share: Diluted (in ₹)		
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	
Segment Revenue					
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
Total income as per Profit and Loss Account	19,726.96	22,316.40	36,558.49	2,246.09	80,847.94
Add/(less) inter segment interest income	721.78	6,053.05	27,146.96	0.01	33,921.80
Total segment revenue	20,448.74	28,369.45	63,705.45	2,246.10	114,769.74
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
Operating profit	5,664.62	8,775.74	10,743.86	1,562.40	26,746.62
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					-
Segment result	3,406.49	2,102.68	2,679.25	1,561.66	9,750.08
Less: Provision for tax					2,497.69
Net Profit before minority interest and earnings from Associate					7,252.39
Less: Minority Interest					56.89
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					7,195.50
Segment assets	347,303.30	294,460.96	358,891.16	1,058.11	1,001,713.53
Unallocated assets					8,611.80
Total assets					1,010,325.33
Segment liabilities	262,815.72	176,523.57	465,002.71	219.95	904,561.95
Unallocated liabilities ⁽¹⁾					2,169.68
Total liabilities					906,731.63
Net assets	84,487.58	117,937.39	(106,111.55)	838.16	103,593.70
Capital Expenditure for the year	11.07	349.06	920.87	21.70	1,302.70
Depreciation on fixed assets for the year	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	
Segment Revenue					
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
Total income as per Profit and Loss Account	18,353.62	23,773.19	36,168.17	1,762.69	80,057.67
Add/(less) inter segment interest income	4,813.04	6,524.53	25,323.09	0.01	36,660.67
Total segment revenue	23,166.66	30,297.72	61,491.26	1,762.70	116,718.34
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
Operating profit	4,152.91	9,400.26	9,274.52	1,168.28	23,995.97
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
Segment result	1,553.27	(507.82)	4,948.97	1,167.90	5,280.04
Less: Provision for tax					3,401.29
Net Profit before minority interest and earnings from Associate					1,878.75
Less: Minority Interest					25.64
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					1,853.11
Segment assets	318,397.82	270,594.74	329,047.96	803.57	918,844.09
Unallocated assets					9,027.72
Total assets					927,871.81
Segment liabilities	293,396.41	139,537.68	406,283.36	214.92	839,432.37
Unallocated liabilities ⁽¹⁾					2,099.01
Total liabilities					841,531.38
Net assets	25,001.42	131,057.06	(77,235.40)	588.65	86,340.43
Capital Expenditure for the year	6.89	246.81	641.73	13.65	909.08
Depreciation on fixed assets for the year	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:

Items/Related Party	(₹ in crores)			
	Promoters	Key Management Personnel	Relatives of Key Management Personnel [#]	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

[#] 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:

Items/Related Party	(₹ in crores)			
	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:

Items/Related Party	(₹ in crores)			
	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
Dividend paid		
Life Insurance Corporation of India	-	26.32
Administrator of the Specified Undertaking of the Unit Trust of India	-	13.69
Interest paid		
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
Interest received		
Mr. Rajiv Anand	0.09	0.15
Mr. Rajesh Dahiya	0.14	0.11
Life Insurance Corporation of India	0.03	0.19
Investment of related party in the Bank		
Mr. Rajiv Anand	4.82	2.62
Mr. Rajesh Dahiya	4.01	2.82
Redemption of Hybrid capital/Bonds of the Bank		
General Insurance Corporation Co. Limited	-	10.00
National Insurance Co. Limited	-	20.00
United India Insurance Co. Limited	-	25.00
Sale of investments		
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
Remuneration paid		
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
Contribution to employee benefit fund		
Life Insurance Corporation of India	14.33	15.42
Placement of deposits		
Life Insurance Corporation of India	1.59	-
Advance granted (net)		
Mr. Rajesh Dahiya	0.90	-
Advance repaid		
Life Insurance Corporation of India	0.23	5.31
Mr. Rajiv Anand	0.36	5.61
Mr. Rajesh Dahiya	0.35	0.40
Receiving of services		
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
Rendering of services		
Life Insurance Corporation of India	51.07	28.22
General Insurance Corporation Co. Limited	0.22	0.13
Sale/ Purchase of foreign exchange currency to/from related party		
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
Other reimbursements from related party		
New India Assurance Co. Limited	0.06	-
Other reimbursements to related party		
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)
Closing balance as at 31 March	737.62	566.09
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
Deferred tax assets	7,658.84	7,423.74
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
Deferred tax liabilities	42.95	59.95
Net deferred tax asset	7,615.89	7,363.79

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
Total included in "Employee Benefit Expense" [Schedule 16(I)]	135.39	109.92
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
Net Asset	-	-
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset/(Liability)	-	-

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

(₹ in crores)

	31 March, 2021	31 March, 2020
Change in Defined Benefit Obligation		
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)
Closing Defined Benefit Obligation	2,861.59	2,494.37

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

(₹ in crores)

	31 March, 2021	31 March, 2020
Change in the Fair Value of Assets		
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)
Closing Fair Value of Plan Assets	2,861.59	2,494.37

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
Total included in "Employee Benefit Expense" [Schedule 16(I)]	39.55	101.71
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
Net (Liability)/Asset	(16.08)	(7.68)
Amounts in Balance Sheet		
Liabilities	16.08	7.68
Assets	-	-
Net Liability (included under Schedule 5 – Other Liabilities)	(16.08)	(7.68)

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

	(₹ in crores)	
	31 March, 2021	31 March, 2020
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	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)
Closing Defined Benefit Obligation	545.18	494.21

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)
Closing Fair Value of Plan Assets	528.33	484.98

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

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

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

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

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

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

2.1.13 Small and Micro Enterprises

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

Axis Bank Ltd.

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

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

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

Subsidiaries

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

*Amount less than ₹50,000

2.1.14 Corporate Social Responsibility (CSR)

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

(₹ in crores)

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

2.1.15 Provisions and contingencies

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

(₹ in crores)

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

- 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)
Closing provision at the end of the year	305.36	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	2,862.40	187.99
Provision made during the year	303.55	2,674.41
Reductions during the year	(143.71)	-
Closing provision at the end of the year	3,022.24	2,862.40

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

2.1.16 Description of contingent liabilities

- a) Claims against the Group not acknowledged as debts

These represent claims filed against the Group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities which are disputed by the Group. In addition, the Group holds provision of ₹83.05 crores as on 31 March, 2021 (previous year ₹69.49 crores) towards claims assessed as probable.

- b) Liability for partly paid investments

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

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c) Liability on account of forward exchange and derivative contracts

The Group enters into foreign exchange contracts including non-deliverable forward (NDF) contracts, currency options/swaps, exchange traded currency options, non-deliverable options, interest rate/currency futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. A non-deliverable forward contract is a currency derivatives contract to exchange cash flows between the contracted forward exchange rate and prevailing spot rates. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. A non-deliverable option contract is a currency derivatives contract that offers the right, but not the obligation to either purchase or sell a currency against another currency and the contract is settled at the difference between the contracted exchange rate and prevailing spot rate on the expiry date. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price. The amount of contingent liability represents the notional principal of respective forward exchange and derivative contracts.

d) Guarantees given on behalf of constituents

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

e) Acceptances, endorsements and other obligations

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

f) Other items for which the Group is contingently liable

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, contracts for purchase of investments where settlement is due post balance sheet date, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end and the amount transferred to Depositor Education and Awareness Fund (DEAF).

During earlier years, the Bank, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB), which were subsequently alleged as fraudulent by PNB. Prior to this declaration by PNB, such buyer's credit loans were sold down in the secondary market by the overseas branch to various participating banks under Risk Participation Agreements. As on 31 March, 2021, there is no funded exposure outstanding in the overseas branch pursuant to such sell down. PNB has repaid the aggregate amount of all LOUs due upto 31 March, 2021, pursuant to an undertaking issued to PNB, and made remittance to the overseas branch which has been passed on for onward payment to the participating banks. Based on the facts and circumstances of the case, internal findings and legal opinion, the Bank does not expect PNB has any valid right at this point in time, for refund by the Bank of the aggregate amount paid by PNB towards LOUs due upto 31 March, 2021. However, as a matter of prudence, the aggregate amount of LOUs issued by PNB to the overseas branch against which buyer's credit was extended, aggregating to ₹4,316.00 crores has been disclosed as part of Contingent Liabilities in the Balance Sheet.

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

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

In terms of our report attached.

For Axis Bank Limited

For Haribhakti & Co. LLP

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

Rakesh Makhija
Chairman

Purushottam Nyati

Partner
Membership No.: 118970

S. Vishvanathan

Director

Girish Paranjpe

Director

Amitabh Chaudhry

Managing Director & CEO

Date : 27 April, 2021

Place: Mumbai

Girish V. Koliyote

Company Secretary

Puneet Sharma

Chief Financial Officer

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 31st 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>

NOTES





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