

**INDEPENDENT AUDITOR'S REPORT**

**To the Chief Executive Officer (CEO) of Axis Bank Limited- Gift City IBU Branch**

**Report on the Audit of Special Purpose Financial Information**

**Opinion**

We have audited the accompanying special purpose financial information of Axis Bank Limited- Gift City IBU Branch ("the Branch"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss and a summary of significant accounting policies (referred to as "Special Purpose Financial Information"). The Special Purpose Financial Information has been prepared by the Management as per Note 17 to the Special Purpose Financial Information (referred to as the "Significant Accounting Policies").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Information for the year ended March 31, 2023 are accurately extracted and compiled, in all material respect, from the audited books of accounts and financial statements of Axis Bank Limited for the year ended March 31, 2023, which have been jointly audited by us and on which we have issued an unmodified opinion vide our joint audit report dated April 27, 2023.

**Basis for Opinion**

We conducted our audit in accordance with Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial information section of our report. We are independent of the Branch in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the special purpose financial information, 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 special purpose financial information.

**Emphasis of Matter- Basis of Preparation, Presentation**

We draw attention to Note 17 to the Special Purpose Financial Information, which describes the basis of accounting. The Special Purpose Financial Information are prepared to assist the Branch to meet the requirement of Reserve Bank of India (RBI) and the International Financial Services Center (IFSC) (together 'the regulator') and should not be distributed to or used by parties other than the regulator. Our Opinion is not modified in respect of this matter.



### **Responsibilities of Management for the Special Purpose Financial Information**

The Branch is responsible for the preparation of these special purpose financial Information that give a true and fair view of the financial position and financial performance of the Branch in accordance with the significant accounting policies. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Branch 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 special purpose financial information that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial information, the Branch is responsible for assessing the Branch'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 Branch or to cease operations, or has no realistic alternative but to do so. The management is also responsible for overseeing the Branch's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Special Purpose Financial Information**

Our objectives are to obtain reasonable assurance about whether the special purpose financial information 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 special purpose financial information. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

Our responsibility is to express an opinion on these financial information based on our audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls with reference to financial statement in place and the operating effectiveness of such controls.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



# CNK

## & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

### Restriction on Use

This special purpose financial information of the Branch is addressed to the Management of the Bank pursuant to our obligations under the Engagement letter for the purpose of Bank's compliance with the requirements of Reserve Bank of India (RBI) and the International Financial Services Center (IFSC) (together 'the regulator') and should not be distributed to or used by parties other than the regulator for any other purpose. CNK & Associates LLP shall not be liable to the Bank, RBI or to any other concerned for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment. We have no responsibility to update this report for any events or circumstances occurring after the date of the report.

### For CNK & Associates LLP

Chartered Accountants

ICAI Firm Registration No.101961 W/W-100036



### Manish Sampat

Partner

Membership No.101684

UDIN No.: 23101684BGWNDV1398

Place: Mumbai

Date: July 5, 2023



AXIS BANK LIMITED, GIFT CITY BRANCH

**BALANCE SHEET AS AT 31 MARCH, 2023**

		As at 31-03-2023	As at 31-03-2022
<b>CAPITAL AND LIABILITIES</b>	Schedule No.	(\$ in Thousands)	(\$ in Thousands)
Capital (Head office funds)	1	4,20,000	4,20,000
Reserves & Surplus	2	(85,764)	(1,76,591)
Deposits	3	1,84,511	2,02,361
Borrowings	4	29,85,589	42,08,399
Other Liabilities and Provisions	5	1,62,904	1,32,657
<b>TOTAL</b>		<b>36,67,240</b>	<b>47,86,826</b>

**ASSETS**

Cash and Balances with Reserve Bank of India	6	-	-
Balances with Banks and Money at Call and Short Notice	7	8,48,193	9,02,861
Investments	8	5,17,879	3,64,156
Advances	9	22,33,335	34,51,491
Fixed Assets	10	112	168
Other Assets	11	67,721	68,150
<b>TOTAL</b>		<b>36,67,240</b>	<b>47,86,826</b>


Contingent Liabilities	12	30,02,663	45,13,059
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Bills for Collection

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

In terms of our report attached.

For CNK & Associates LLP  
ICAI Firm Registration No.: 101961W/W100036  
Chartered Accountants

  
Manish Sampat  
Partner  
Membership No.: 101684



Date : 5 July, 2023

For Axis Bank Limited, Gift City Branch

  
Vivek V. Srivastava  
Chief Executive Officer



AXIS BANK LIMITED, GIFT CITY BRANCH

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2023

	Schedule No.	Year ended 31-03-2023 (\$ in Thousands)	Year ended 31-03-2022 (\$ in Thousands)
<b>I INCOME</b>			
Interest earned	13	1,52,615	71,447
Other income	14	5,041	12,486
<b>TOTAL</b>		<b>1,57,656</b>	<b>83,933</b>
<b>II EXPENDITURE</b>			
Interest expended	15	1,19,180	47,895
Operating expenses	16	2,228	4,415
Provisions and contingencies		(54,579)	34,586
<b>TOTAL</b>		<b>66,829</b>	<b>86,896</b>
<b>III NET PROFIT FOR THE YEAR (I - II)</b>		<b>90,827</b>	(2,963)
Balance in Profit & Loss Account brought forward from previous year		(1,76,591)	(1,73,628)
<b>IV Balance in Profit &amp; Loss Account carried forward</b>		<b>(85,764)</b>	<b>(1,76,591)</b>

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

In terms of our report attached.

For CNK & Associates LLP  
ICAI Firm Registration No.: 101961WWW100036  
Chartered Accountants

  
**Manish Sampat**  
Partner  
Membership No.: 101684



Date : 5 July, 2023

For Axis Bank Limited, Gift City Branch

  
Vivek V. Srivastava  
Chief Executive Officer



AXIS BANK LIMITED, GIFT CITY BRANCH

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2023

**SCHEDULE 1 - CAPITAL**

	As at 31-03-2023	As at 31-03-2022
	(\$ in Thousands)	(\$ in Thousands)
Head office funds	4,20,000	4,20,000

**SCHEDULE 2 - RESERVES AND SURPLUS**

	As at 31-03-2023	As at 31-03-2022
	(\$ in Thousands)	(\$ in Thousands)
<b>I. Statutory Reserve</b>		
Opening Balance	-	-
Additions during the year	-	-
<b>II. Special Reserve</b>		
Opening Balance	-	-
Additions during the year	-	-
<b>III. Share Premium Account</b>		
Opening Balance	-	-
Additions during the year	-	-
Less: Share issue expenses	-	-
<b>IV. Investment Reserve Account</b>		
Opening balance	-	-
Additions during the year	-	-
<b>V. General Reserve</b>		
Opening Balance	-	-
Additions during the year	-	-
<b>VI. Capital Reserve</b>		
Opening Balance	-	-
Additions during the year	-	-
<b>VII. Foreign Currency Translation Reserve</b>		
Opening Balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
Transfer to balance in Profit & Loss Account	-	-
<b>VIII. Reserve Fund</b>		
Opening Balance	-	-
Deductions during the year	-	-
<b>IX. Investment Fluctuation Reserve</b>		
Opening Balance	-	-
Additions during the year	-	-
<b>X. Balance in Profit &amp; Loss Account</b>	<b>(85,764)</b>	<b>(1,76,591)</b>
<b>TOTAL</b>	<b>(85,764)</b>	<b>(1,76,591)</b>



AXIS BANK LIMITED, GIFT CITY BRANCH

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2023

**SCHEDULE 3 - DEPOSITS**

	As at 31-03-2023 (\$ in Thousands)	As at 31-03-2022 (\$ in Thousands)
A. I. Demand Deposits		
(i) From banks	-	-
(ii) From others	10,028	1,950
II. Savings Bank Deposits	33	-
III. Term Deposits		
(i) From banks	45,683	15,865
(ii) From others	1,28,767	1,84,546
<b>TOTAL</b>	<b>1,84,511</b>	<b>2,02,361</b>
B. I. Deposits of branches in India	-	-
II. Deposits of branches outside India	1,84,511	2,02,361
<b>TOTAL</b>	<b>1,84,511</b>	<b>2,02,361</b>

**SCHEDULE 4 - BORROWINGS**

	As at 31-03-2023 (\$ in Thousands)	As at 31-03-2022 (\$ in Thousands)
I. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other banks	-	-
(iii) Other institutions & agencies	-	-
II. Borrowings outside India	29,85,589	42,08,399
<b>TOTAL</b>	<b>29,85,589</b>	<b>42,08,399</b>



AXIS BANK LIMITED, GIFT CITY BRANCH

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2023

**SCHEDULE 8 - INVESTMENTS**

	As at 31-03-2023 (\$ in Thousands)	As at 31-03-2022 (\$ in Thousands)
<b>I. Investments In India in -</b>		
(i) Government Securities <sup>1</sup>	-	-
(ii) Other approved securities	-	-
(iii) Shares	-	-
(iv) Debentures and Bonds	-	-
(v) Subsidiaries/Joint Ventures	-	-
(vi) Others (Mutual Fund units, PTC etc.)	-	-
<b>Total Investments in India</b>	-	-
<b>II. Investments outside India in -</b>		
(i) Government Securities (including local authorities)	5,17,879	3,61,401
(ii) Subsidiaries and/or joint ventures abroad	-	-
(iii) Others (Equity Shares and Bonds)	-	2,755
<b>Total Investments outside India</b>	5,17,879	3,64,156
<b>GRAND TOTAL (I+II)</b>	5,17,879	3,64,156





AXIS BANK LIMITED, GIFT CITY BRANCH

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2023

SCHEDULE 9 - ADVANCES

	As at 31-03-2023	As at 31-03-2022
	(\$ In Thousands)	(\$ in Thousands)
A. (i) Bills purchased and discounted	6,06,602	15,06,258
(ii) Cash credits, overdrafts and loans repayable on demand	2,57,342	7,22,755
(iii) Term loans	13,69,391	12,22,478
<b>TOTAL</b>	<b>22,33,335</b>	<b>34,51,491</b>
B. (i) Secured by tangible assets <sup>1</sup>	11,08,948	16,83,515
(ii) Covered by Bank/Government Guarantees	23,063	69,188
(iii) Unsecured	11,01,324	16,98,788
<b>TOTAL</b>	<b>22,33,335</b>	<b>34,51,491</b>
C. I. Advances in India		
(i) Priority Sector	-	-
(ii) Public Sector	-	-
(iii) Banks	-	-
(iv) Others	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
II. Advances Outside India		
(i) Due from banks	25,000	-
(ii) Due from others -		
(a) Bills purchased and discounted	6,06,602	15,06,258
(b) Syndicated loans	-	-
(c) Others	16,01,733	19,45,233
<b>TOTAL</b>	<b>22,33,335</b>	<b>34,51,491</b>
<b>GRAND TOTAL (CI+CII)</b>	<b>22,33,335</b>	<b>34,51,491</b>

1. Includes advances against Book Debts ₹124,783.52 crores (previous year ₹108,930.80 crores)



AXIS BANK LIMITED, GIFT CITY BRANCH

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2023

SCHEDULE 10 - FIXED ASSETS

	As at 31-03-2023	As at 31-03-2022
	(\$ in Thousands)	(\$ in Thousands)
<b>I. Premises</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	-	-
Additions during the year	-	-
Deductions during the year	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>		
As at the beginning of the year	-	-
Charge for the year	-	-
Deductions during the year	-	-
Depreciation to date	-	-
<b>Net Block</b>	<b>-</b>	<b>-</b>
<b>II. Other fixed assets (Including furniture &amp; fixtures)</b>		
<b>Gross Block</b>		
At cost at the beginning of the year	427	424
Additions during the year <sup>1</sup>	-	3
Deductions during the year	(10)	-
<b>TOTAL</b>	<b>417</b>	<b>427</b>
<b>Depreciation</b>		
As at the beginning of the year	259	219
Charge for the year	76	40
Deductions during the year	-	-
Depreciation to date	335	259
<b>Net Block</b>	<b>82</b>	<b>168</b>
<b>III. CAPITAL WORK-IN-PROGRESS (including capital advances)</b>	<b>30</b>	<b>-</b>
<b>GRAND TOTAL (I+II+III)</b>	<b>112</b>	<b>168</b>

1. includes movement on account of exchange rate fluctuation



AXIS BANK LIMITED, GIFT CITY BRANCH

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2023

**SCHEDULE 11 - OTHER ASSETS**

	As at 31-03-2023	As at 31-03-2022
	(\$ in Thousands)	(\$ in Thousands)
I. Inter-office adjustments (net)	-	-
II. Interest Accrued	14,847	14,517
III. Tax paid in advance/tax deducted at source (net of provisions)	224	44
IV. Stationery and stamps	-	-
V. Non banking assets acquired in satisfaction of claims <sup>1</sup>	-	-
VI. Others <sup>2,3</sup>	52,650	53,589
<b>TOTAL</b>	<b>67,721</b>	<b>68,150</b>

**SCHEDULE 12 - CONTINGENT LIABILITIES**

	As at 31-03-2023	As at 31-03-2022
	(\$ in Thousands)	(\$ in Thousands)
I. Claims against the Bank not acknowledged as debts	-	-
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange and derivative contracts:		
a) Forward Contracts	23,08,938	36,94,201
b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	6,12,855	7,20,828
c) Foreign Currency Options	-	-
<b>Total (a+b+c)</b>	<b>29,21,793</b>	<b>44,15,029</b>
IV. Guarantees given on behalf of constituents		
In India	750	2,017
Outside India	79,971	96,013
V. Acceptances, endorsements and other obligations	-	-
VI. Other items for which the Bank is contingently liable	149	-
<b>GRAND TOTAL (I+II+III+IV+V+VI) [Refer Schedule 18 (5.15)]</b>	<b>30,02,663</b>	<b>45,13,059</b>



AXIS BANK LIMITED, GIFT CITY BRANCH

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2023

SCHEDULE 13 - INTEREST EARNED

	Year ended 31-03-2023 (\$ in Thousands)	Year ended 31-03-2022 (\$ in Thousands)
I. Interest/discount on advances/bills	1,02,018	53,302
II. Income on investments	9,191	180
III. Interest on balances with Reserve Bank of India and other inter-bank funds	34,622	14,078
IV. Others	6,784	3,887
<b>TOTAL</b>	<b>1,52,615</b>	<b>71,447</b>

SCHEDULE 14 - OTHER INCOME

	Year ended 31-03-2023 (\$ in Thousands)	Year ended 31-03-2022 (\$ in Thousands)
I. Commission, exchange and brokerage	8,700	8,819
II. Profit/(Loss) on sale of investments (net)	(4,906)	(159)
III. Profit/(Loss) on revaluation of investments (net) [Refer Schedule 18(4.3)(b)]	-	2,634
IV. Profit/(Loss) on sale of land, buildings and other assets (net) <sup>1</sup>	-	-
V. Profit/(Loss) on exchange/derivative transactions (net)	802	1,140
VI. Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VII. Miscellaneous Income	445	52
<b>TOTAL</b>	<b>5,041</b>	<b>12,486</b>

1. includes provision for diminution in value of fixed assets



AXIS BANK LIMITED, GIFT CITY BRANCH

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2023

SCHEDULE 15 - INTEREST EXPENDED

	Year ended 31-03-2023 (\$ in Thousands)	Year ended 31-03-2022 (\$ in Thousands)
I. Interest on deposits	2,877	552
II. Interest on Reserve Bank of India/Inter-bank borrowings	86,134	30,787
III. Others	30,169	16,556
<b>TOTAL</b>	<b>1,19,180</b>	<b>47,895</b>

SCHEDULE 16 - OPERATING EXPENSES

	Year ended 31-03-2023 (\$ in Thousands)	Year ended 31-03-2022 (\$ in Thousands)
I. Payments to and provisions for employees	907	313
II. Rent, taxes and lighting	30	29
III. Printing and stationery	-	-
IV. Advertisement and publicity	-	-
V. Depreciation on bank's property	76	40
VI. Directors' fees, allowance and expenses	-	-
VII. Auditors' fees and expenses	9	-
VIII. Law charges	313	724
IX. Postage, telegrams, telephones etc.	60	59
X. Repairs and maintenance	15	10
XI. Insurance	1	-
XII. Other expenditure	817	3,240
<b>TOTAL</b>	<b>2,228</b>	<b>4,415</b>



# Axis Bank Limited, Gift City IBU

## 17 Significant accounting policies for the year ended 31 March, 2023

### 1 Background

The Gift City IBU (IFSC Banking Unit) of Axis Bank Limited has commenced its operations during FY 2017-18 as an Offshore Banking Unit at International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

### 2 Basis of preparation

The special purpose financial information has been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting policies of Axis Bank Limited and in accordance with the generally accepted accounting principles in India to comply with the statutory requirements prescribed under the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards 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 to the extent applicable and practices generally prevalent in the banking industry in India.

Provision for gratuity, leave encashment, ESOP compensation cost and variable pay is maintained at the Bank level and is not considered while preparing these special purpose financial statements.

The reporting currency of the Gift City IBU is United States Dollars (USD). Transactions denominated in foreign currencies (Other than USD) are accounted for at the rates prevailing on the date of the transactions. 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 recognized in the Profit and Loss Accounts.

### 3 Use of estimates

The preparation of the special purpose financial information 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 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 Significant accounting policies

Except for translation of foreign currency transactions, the accounting policies of the Gift City IBU are same as that of Axis Bank Limited, forming part of the standalone financial statements of Axis Bank Limited for FY 2022-23.

