

# Directors' Report

The Board of Directors of the Bank (the Board) have the pleasure of presenting the 27<sup>th</sup> 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
<b>Deposits</b>	<b>707,306</b>	<b>640,105</b>	<b>10%</b>
• Savings Bank Deposits	204,473	173,592	18%
• Current Account Deposits	113,276	90,114	26%
<b>Advances</b>	<b>623,720</b>	<b>571,424</b>	<b>9%</b>
• Retail Advances	334,514	305,400	10%
• Non-retail Advances	289,206	266,024	9%
<b>Total Assets / Liabilities</b>	<b>996,118</b>	<b>915,165</b>	<b>9%</b>
<b>Net Interest Income</b>	<b>29,239</b>	<b>25,206</b>	<b>16%</b>
<b>Other Income</b>	<b>14,838</b>	<b>15,537</b>	<b>(4%)</b>
• Fee Income	10,686	11,019	(3%)
• Trading Profit <sup>(1)</sup>	2,547	2,420	5%
• Miscellaneous Income	1,605	2,098	(23%)
<b>Operating Expenses</b>	<b>18,375</b>	<b>17,305</b>	<b>6%</b>
<b>Operating Profit</b>	<b>25,702</b>	<b>23,438</b>	<b>10%</b>
Provision for Tax	2,217	3,277	(32%)
Other Provisions and Write offs	16,896	18,534	(9%)
<b>Net Profit</b>	<b>6,589</b>	<b>1,627</b>	<b>305%</b>
Balance in Profit and Loss account brought forward from previous year	26,190	24,323	
<b>Amount Available For Appropriation</b>	<b>32,779</b>	<b>25,950</b>	
<b>Appropriations</b>			
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	
<b>Surplus carried over to Balance Sheet</b>	<b>29,958</b>	<b>24,585</b>	

<sup>(1)</sup> 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
<b>Promoters</b>			
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
<b>Foreign Investors</b>			
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
<b>Domestic Financial Institutions</b>			
10	Financial Institutions / Mutual Funds / Banks / NBFC / INC / AIF	60,51,95,660	19.75
11	Others	21,07,19,877	6.88
<b>Total</b>		<b>3,06,37,48,652</b>	<b>100.00</b>

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

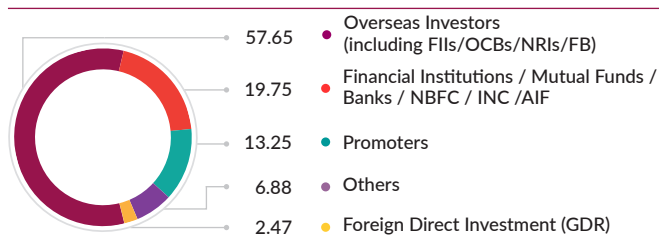
Three promoter entities of the Bank viz. United India Insurance Company Limited, National Insurance Company Limited and The New India Assurance Company Limited have requested the Board of the Bank to reclassify them to "Public" category from "Promoter" category, in terms of Regulation 31A of the SEBI (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 26<sup>th</sup> 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 26<sup>th</sup> 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 27<sup>th</sup> 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 31<sup>st</sup> 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.

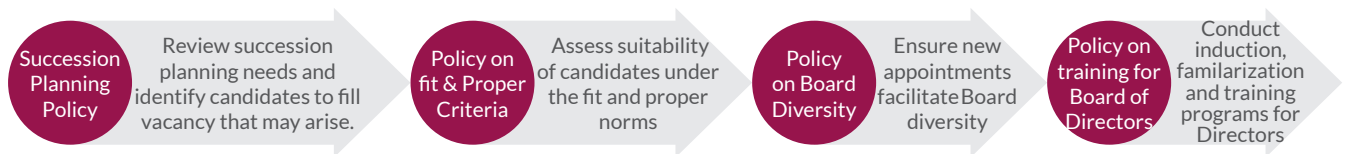
The prescribed information as stated in the forms / declarations / undertakings / consent given by the Directors (other than that of the Members of the NRC) are placed before the NRC and those submitted by the Members of the NRC are placed before the Board, for its review and confirmation, as aforesaid.

### 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 20<sup>th</sup> 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](mailto: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
<b>Total</b>		<b>42,87,936.96</b>

(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](mailto: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 24<sup>th</sup> 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 24<sup>th</sup> Annual General Meeting until the conclusion of the 28<sup>th</sup> 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 disbursement 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%)
<b>Operating revenue</b>	<b>44,077</b>	<b>40,743</b>	<b>8%</b>
Operating expenses	18,375	17,305	6%
<b>Operating profit</b>	<b>25,702</b>	<b>23,438</b>	<b>10%</b>
Provisions and contingencies	16,896	18,534	(9%)
<b>Profit before tax</b>	<b>8,806</b>	<b>4,904</b>	<b>80%</b>
Provision for tax	2,218	3,277	(32%)
<b>Net profit</b>	<b>6,588</b>	<b>1,627</b>	<b>305%</b>

## 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%
<b>Interest income</b>	<b>63,645</b>	<b>62,635</b>	<b>2%</b>
Interest on deposits	26,843	29,369	(9%)
Other interest expense	7,563	8,060	(6%)
<b>Interest expense</b>	<b>34,406</b>	<b>37,429</b>	<b>(8%)</b>
<b>Net interest income</b>	<b>29,239</b>	<b>25,206</b>	<b>16%</b>
Average interest earning assets <sup>1</sup>	827,920	718,147	15%
Average Current Account and Savings Account (CASA) <sup>1</sup>	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

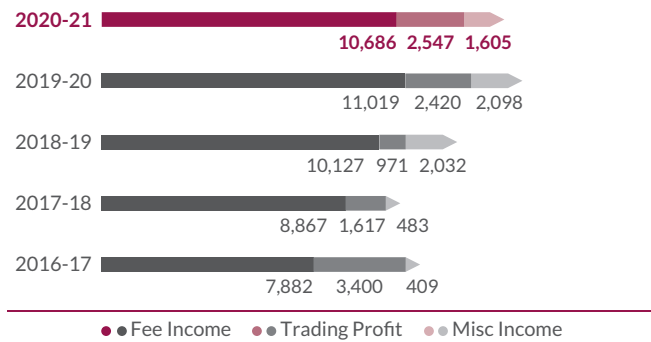
(₹ in crores)

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%)
<b>Non-interest income</b>	<b>14,838</b>	<b>15,537</b>	<b>(4%)</b>

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%
<b>Operating expenses</b>	<b>18,375</b>	<b>17,305</b>	<b>6%</b>
<b>Cost : Income Ratio</b>	<b>41.69%</b>	<b>42.47%</b>	
<b>Cost : Asset Ratio</b>	<b>1.96%</b>	<b>2.09%</b>	

## 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	-	-
<b>Provisions and contingencies</b>	<b>16,896</b>	<b>18,534</b>	<b>(9%)</b>

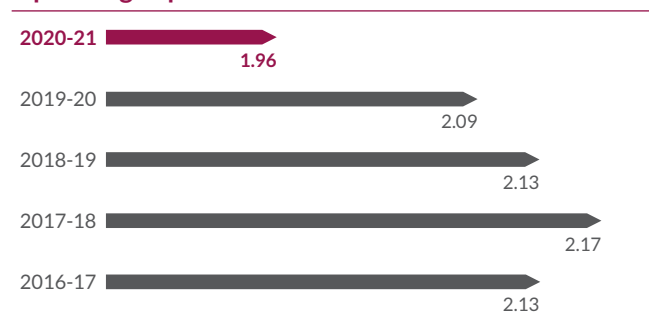
During fiscal 2021, the Bank created total provisions (excluding provisions for tax) of ₹16,896 crores compared to ₹18,534 crores last year. Key items of the same are explained below -

### 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**

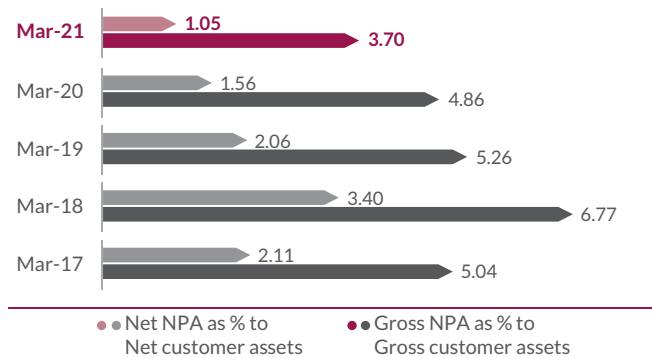
The asset quality metrics improved during the fiscal, with reduction in NPA ratios year on year.

## 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
<b>Cash and bank balances</b>	<b>61,730</b>	<b>97,268</b>	<b>(37%)</b>
Government securities	184,190	125,982	46%
Other securities	41,930	30,752	36%
<b>Total investments</b>	<b>226,120</b>	<b>156,734</b>	<b>44%</b>
Retail advances	334,514	305,400	10%
Corporate advances	219,356	204,103	7%
SME advances	69,850	61,921	13%
<b>Total advances</b>	<b>623,720</b>	<b>571,424</b>	<b>9%</b>
<b>Fixed assets</b>	<b>4,245</b>	<b>4,313</b>	<b>(2%)</b>
<b>Other assets<sup>1</sup></b>	<b>80,303</b>	<b>85,426</b>	<b>(6%)</b>
<b>Total assets</b>	<b>996,118</b>	<b>915,165</b>	<b>9%</b>

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.

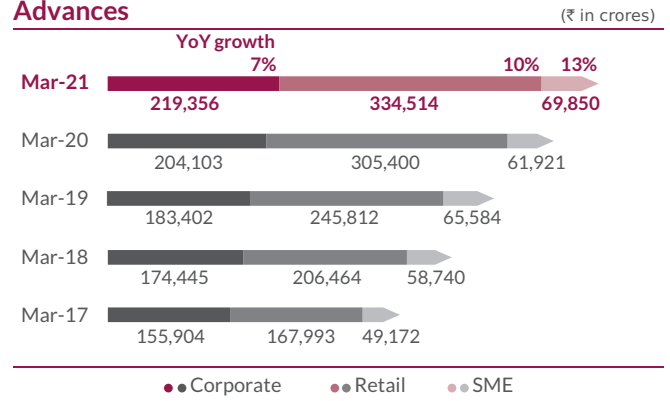
Domestic advances of the Bank as on 31 March, 2021 grew by 10% to ₹578,721 crores from ₹526,786 crores as on 31 March 2020. Further, domestic corporate advances of the Bank as on 31 March, 2021 increased by 7% to ₹187,148 crores from ₹175,087 crores as on 31 March, 2020.

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%.

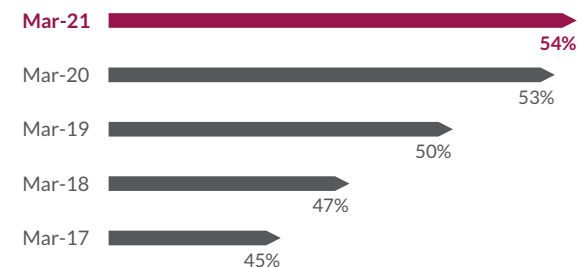
### Investments

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

### Shareholder's funds

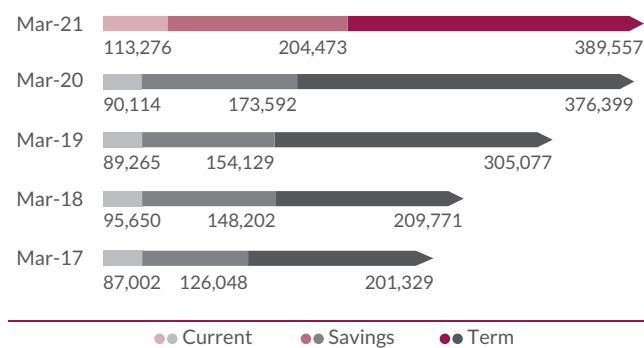
Shareholder's funds of the Bank increased from ₹84,948 crores as on 31 March, 2020 to ₹101,603 crores as on 31 March, 2021. This is mainly on account of increase in capital and reserves due to the equity capital mobilised through the Qualified Institutional Placement (QIP) offering completed during the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

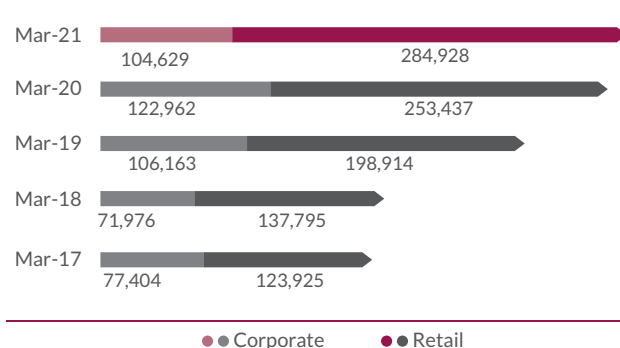
### Deposits

(₹ 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
<b>Claims against the Bank not acknowledged as debts</b>	<b>2,054</b>	1,957	5%
<b>Liability for partly paid investments</b>	<b>165</b>	139	19%
<b>Liability on account of outstanding forward exchange and derivative contracts:</b>	<b>882,040</b>	<b>802,690</b>	<b>10%</b>
- 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%)
<b>Guarantees given on behalf of constituents</b>	<b>80,831</b>	<b>73,914</b>	<b>9%</b>
- In India	72,965	66,480	10%
- Outside India	7,866	7,434	6%
<b>Acceptances, endorsements and other obligations</b>	<b>37,806</b>	<b>25,165</b>	<b>50%</b>
<b>Other items for which the Bank is contingently liable</b>	<b>49,763</b>	<b>19,104</b>	<b>160%</b>
<b>Total</b>	<b>1,052,659</b>	<b>922,969</b>	<b>14%</b>

### 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	%
<b>Capital Adequacy Ratio as on 31 March 2020</b>	<b>17.53</b>
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)
<b>Capital Adequacy Ratio as on 31 March 2021</b>	<b>19.12</b>

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
<b>Total capital qualifying for computation of capital adequacy ratio</b>	<b>121,577</b>	<b>107,005</b>
<b>Total risk-weighted assets and contingencies</b>	<b>635,863</b>	<b>610,527</b>
<b>Total capital adequacy ratio</b>	<b>19.12%</b>	<b>17.53%</b>
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 is 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.

## Management's Discussion and Analysis

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.

## Management's Discussion and Analysis

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 14<sup>th</sup> 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.



## Management's Discussion and Analysis

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.

## Management's Discussion and Analysis

### 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.

## Management's Discussion and Analysis

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 70<sup>th</sup> 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 7<sup>th</sup> 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 1<sup>st</sup> 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:

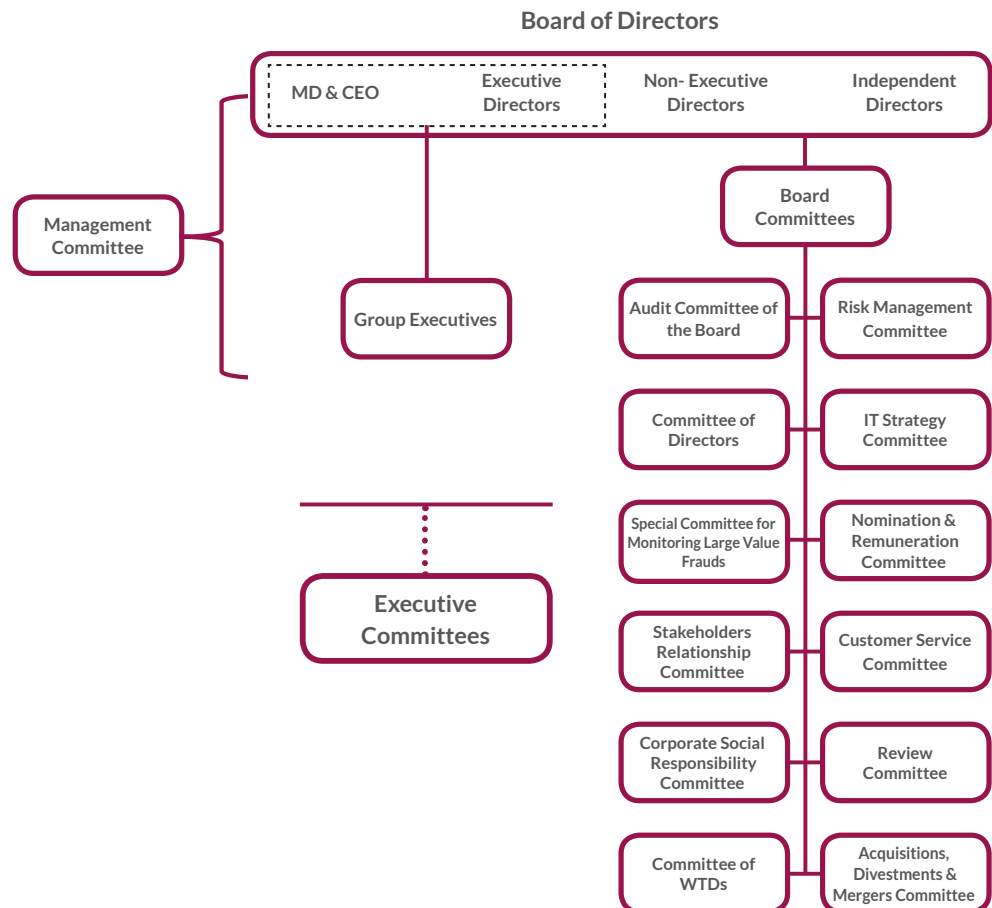
- I. To enhance the long-term interest of its shareholders, provide good management, adopt prudent risk management techniques and comply with the required standards of capital adequacy, thereby safeguarding the interest of its stakeholders such as shareholders, depositors, creditors, customers, suppliers 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

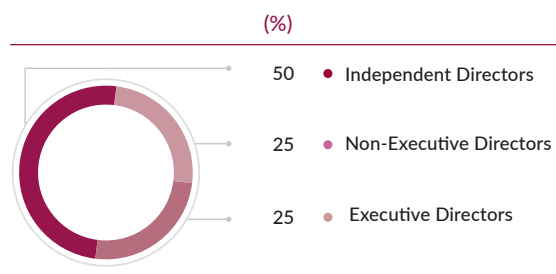
#### I. Size and Composition of the Board

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.

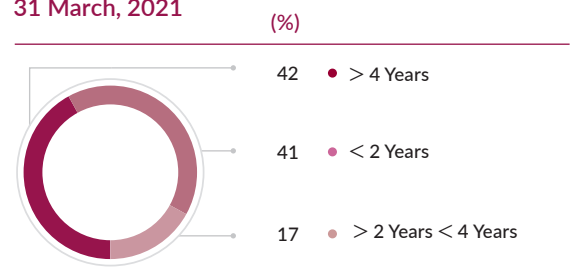
The Board has an optimum combination of Executive and Non-Executive Directors with Independent Directors constituting more than one-third of its total strength. The Board has 12 Directors, comprising of 6 Independent Directors, 1 Managing Director & CEO, 2 Executive Directors and 3 Nominee Directors.

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 26<sup>th</sup> 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 <sup>1</sup>	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 <sup>2</sup>	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 <sup>3</sup>	07367868	57	Independent Non-Executive	8/8	8,00,000	Yes
6.	Shri B. Baburao <sup>4</sup>	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 <sup>5@</sup>	06453310	60	Nominee Director - Life Insurance Corporation of India [Equity Investor] – Promoter	6/7	6,00,000	Yes
10.	Smt. Meena Ganesh <sup>6</sup>	00528252	57	Independent Non-Executive	5/5	5,00,000	NA
11.	Shri G. Padmanabhan <sup>7</sup>	07130908	65	Independent Non-Executive	5/5	5,00,000	NA
12.	Shri Ashish Kotecha <sup>8</sup>	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 <sup>9</sup>	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 <sup>10</sup>	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 <sup>(ii)</sup>
		of Indian Public Limited Companies	of other companies <sup>(i)</sup>	
Name of the Director	Name of the Companies & Designation			
<b>Non-Executive (Part-Time) Chairperson &amp; Independent Director</b>				
Shri Rakesh Makhija	Castrol India Limited (Independent Director)	1	0	2(1)
<b>Nominee Director – SUUTI</b>				
Smt. Vasantha Govindan	NIL	3	0	0
<b>Nominee Director – LIC</b>				
Shri T.C. Suseel Kumar	BSE Limited (Non-Executive Director) Lakshmi Machine Works Limited (Nominee Director)	0	0	2(1)
<b>Nominee Director – Entities affiliated to BAIN Capital</b>				
Shri Stephen Pagliuca	NIL	0	6	0
Shri Ashish Kotecha (Alternate Director to Shri Stephen Pagliuca)	NIL	0	9	0
<b>Independent Directors</b>				
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)
<b>Managing Director &amp; CEO / Executive Directors</b>				
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

<b>Composition</b>	<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"> <li>Shri S Vishvanathan, Chairman</li> <li>Shri Amitabh Chaudhry</li> <li>Smt. Ketaki Bhagwati</li> <li>Shri G. Padmanabhan</li> <li>Shri Rajiv Anand</li> </ol> <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>
<b>Brief description of the Charter</b>	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>To review and approve proposals relating to the Bank's business / operations covering all its departments and business segments.</li> </ol>
<b>Meetings</b>	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 <sup>®</sup>	Managing Director & CEO	10/12	-
	Smt. Ketaki Bhagwati	Independent Director	12/12	12,00,000
	Shri B. Baburao <sup>1</sup>	Non-Executive (Nominee Director-SUUTI)	8/8	8,00,000
	Shri Rajiv Anand	Executive Director- (Wholesale Banking)	12/12	-
	Shri G. Padmanabhan <sup>2</sup>	Independent Director	5/5	5,00,000

<sup>®</sup> 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

<b>Composition</b>	<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"> <li>Shri Girish Paranjpe, Chairman</li> <li>Shri S. Vishvanathan</li> <li>Shri Rakesh Makhija</li> </ol> <p>Shri B. Baburao ceased to be a Member of the ACB, with effect from 22 January, 2021.</p>
<b>Brief description of the Charter</b>	<ol style="list-style-type: none"> <li>To provide direction and to oversee the operation of the audit function.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>To review functioning of the Whistle Blower and Vigilance mechanism.</li> <li>To approve any subsequent modification of transactions of the Bank that shall involve related parties.</li> <li>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.</li> <li>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.</li> <li>To review functioning of the Whistle Blower and Vigilance mechanism.</li> <li>To approve any subsequent modification of transactions of the Bank that shall involve related parties.</li> <li>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.</li> </ol>

## 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>																				
<b>Meetings</b>	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.																				
<b>Attendance and Sitting fees during the year 2020-21</b>	<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. Baburao<sup>1</sup></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 <sup>1</sup>	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 <sup>1</sup>	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

<b>Composition</b>	<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"> <li>Smt. Ketaki Bhagwati, Chairperson</li> <li>Shri Amitabh Chaudhry</li> <li>Shri Girish Paranjpe</li> <li>Shri G. Padmanabhan</li> </ol> <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>
<b>Brief description of the Charter</b>	<ol style="list-style-type: none"> <li>Framing and governing of the risk strategy and approving and reviewing the risk appetite of the Bank.</li> <li>Ensuring that sound policies, procedures and practices are in place to manage its risks.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol> <p>The Chief Risk Officer (CRO) of the Bank reports directly to the Managing Director &amp; 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.			
<b>Meetings</b>	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.			
<b>Attendance and Sitting fees during the year 2020-21</b>	<b>Name of the Members</b>	<b>Designation</b>	<b>Attendance</b>	<b>Sitting fees (in ₹)</b>
	Smt. Ketaki Bhagwati, Chairperson	Independent Director	5/5	5,00,000
	Shri Amitabh Chaudhry	Managing Director & CEO	5/5	-
	Shri Rohit Bhagat <sup>1</sup>	Independent Director	4/4	4,00,000
	Shri Girish Paranjpe <sup>2</sup>	Independent Director	3/3	3,00,000
	Shri G. Padmanabhan <sup>3</sup>	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

<b>Composition</b>	<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"> <li>Shri S. Vishvanathan, Chairman</li> <li>Shri Rajesh Dahiya</li> <li>Smt. Vasantha Govindan</li> </ol> <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>
<b>Brief description of the Charter</b>	<ol style="list-style-type: none"> <li>Consider and resolve the grievances of the security holders of the Bank.</li> <li>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.</li> <li>Review the measures taken for effective exercise of voting rights by shareholders.</li> <li>Review adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar &amp; Share Transfer Agent.</li> <li>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.</li> </ol>
<b>Meetings</b>	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 <sup>1</sup>	Non-Executive (Nominee Director-SUUTI)	2/2	1,00,000
	Shri S. Vishvanathan <sup>2</sup>	Independent Director	2/2	1,00,000
	Shri Rajesh Dahiya	Executive Director (Corporate Centre)	2/2	-
	Smt. Vasantha Govindan <sup>3</sup>	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

<b>Composition</b>	<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"> <li>Smt. Meena Ganesh, Chairperson</li> <li>Shri Rakesh Makhija</li> <li>Shri Girish Paranjpe</li> </ol> <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>
<b>Brief description of the Charter</b>	<ol style="list-style-type: none"> <li>To evaluate the succession planning process adopted by the Bank and recommend the appointment / re-appointment of Individual &amp; Independent Directors, Whole-Time Directors and Senior Management along with the terms of appointment including remuneration.</li> <li>To set the goals, objectives and performance benchmarks for the Bank, Whole-Time Directors &amp; senior management and review the performance as per the timelines.</li> <li>To review and recommend to the Board the overall remuneration framework and the compensation decisions for the financial year.</li> <li>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 &amp; CEO of the Bank.</li> <li>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.</li> <li>Consider and approve the grant of Stock Options to the Managing Director &amp; 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.</li> <li>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.</li> </ol>
<b>Meetings</b>	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 <sup>1</sup>	Independent Director	5/5	5,00,000
	Smt. Meena Ganesh, Chairperson <sup>2</sup>	Independent Director	5/5	5,00,000
	Shri Rakesh Makhija	Independent Director	8/8	8,00,000
	Shri Girish Paranjpe <sup>3</sup>	Independent Director	5/5	5,00,000
	Shri Stephen Pagliuca <sup>4</sup>	Non-Executive (Nominee Director-Entities affiliated to BAIN Capital)	4/5	4,00,000

<sup>©</sup> 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

<b>Composition</b>	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.
<b>Brief description of the Charter</b>	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.
<b>Meetings</b>	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 <sup>1</sup>	Non-Executive (Nominee Director-SUUTI)	3/3	1,50,000
	Shri S. Vishvanathan, Chairman <sup>2</sup>	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 <sup>3</sup>	Non-Executive (Nominee Director-LIC)	3/3	1,50,000
	Shri Rajiv Anand <sup>4</sup>	Executive Director (Wholesale Banking)	1/1	-
	Shri Rajesh Dahiya <sup>©</sup>	Executive Director (Corporate Centre)	3/4	-

<sup>©</sup> 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

<b>Composition</b>	The Customer Service Committee of the Board of Directors of the Bank (CSC) comprises of 3 members: <ol style="list-style-type: none"> <li>Shri Amitabh Chaudhry, Chairman</li> <li>Shri T.C. Suseel Kumar</li> <li>Smt. Vasantha Govindan</li> </ol> <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>			
<b>Brief description of the Charter</b>	<ol style="list-style-type: none"> <li>Oversee the functioning of various customer sub committees at the Bank.</li> <li>Review complaints and quality of service provided by the Bank &amp; it's subsidiaries to ensure a robust grievance redressal mechanism.</li> <li>Approve policy documents and review effective implementation of RBI directives.</li> <li>Review progress on other regulatory matters.</li> <li>Review the initiatives taken by the Bank to enhance customer experience.</li> </ol>			
<b>Meetings</b>	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.			
<b>Attendance and Sitting fees during the year 2020-21</b>	<b>Name of the Members</b>	<b>Designation</b>	<b>Attendance</b>	<b>Sitting fees (in ₹)</b>
	Shri Amitabh Chaudhry, Chairman	Managing Director & CEO	4/4	-
	Shri B. Baburao <sup>1</sup>	Non-Executive (Nominee Director - SUUTI)	3/3	1,50,000
	Shri Girish Paranjpe <sup>2</sup>	Independent Director	2/2	1,00,000
	Shri T. C. Suseel Kumar <sup>3</sup>	Non-Executive (Nominee Director - LIC)	3/3	1,50,000
	Smt. Vasantha Govindan <sup>4</sup>	Non-Executive (Nominee Director - SUUTI)	1/1	50,000
	Shri Pralay Mondal <sup>5</sup>	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

<b>Composition</b>	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"> <li>Shri Girish Paranjpe – Chairman</li> <li>Shri Amitabh Chaudhry</li> <li>Smt. Meena Ganesh</li> <li>Shri G. Padmanabhan</li> </ol> <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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<b>Brief description of the Charter</b>	<ul style="list-style-type: none"> <li>i) Approving IT Strategy and policies and ensuring that IT strategy is aligned with business strategy.</li> <li>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.</li> <li>iii) Assessing and reviewing the strategy for addressing IT and cyber security risks.</li> <li>iv) Exercise oversight to ensure effective functioning of the IT Operations of the Bank.</li> <li>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.</li> <li>vi) Review the progress made by the Bank on the Digital Banking front.</li> </ul>			
<b>Meetings</b>	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.			
<b>Attendance and Sitting fees during the year 2020-21</b>	<b>Name of the Members</b>	<b>Designation</b>	<b>Attendance</b>	<b>Sitting fees (in ₹)</b>
	Shri Girish Paranjpe, Chairman	Independent Director	4/4	4,00,000
	Shri Amitabh Chaudhry	Managing Director & CEO	4/4	-
	Shri Pralay Mondal <sup>1</sup>	Executive Director (Retail Banking)	2/2	-
	Smt. Meena Ganesh <sup>2</sup>	Independent Director	3/3	3,00,000
	Shri G. Padmanabhan <sup>3</sup>	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

<b>Composition</b>	<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"> <li>1. Shri Rakesh Makhija, Chairman</li> <li>2. Shri Rajesh Dahiya</li> <li>3. Shri Rajiv Anand</li> <li>4. Shri T.C. Suseel Kumar</li> </ol> <p>Shri T. C. Suseel Kumar was appointed as a Member of the CSR Committee, with effect from 14 December, 2020.</p>			
<b>Brief description of the Charter</b>	<ul style="list-style-type: none"> <li>i) Formulate and recommend to the Board, the CSR Strategy, themes, focus areas and review mechanism including the CSR Policy of the Bank.</li> <li>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.</li> <li>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.</li> </ul>			
<b>Meetings</b>	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.			
<b>Attendance and Sitting fees during the year 2020-21</b>	<b>Name of the Members</b>	<b>Designation</b>	<b>Attendance</b>	<b>Sitting fees (in ₹)</b>
	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 <sup>1</sup>	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

<b>Composition</b>	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		
<b>Brief description of the Charter</b>	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.		
<b>Meetings</b>	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.			
<b>Attendance and Sitting fees during the year 2020-21</b>	<b>Name of the Members</b>	<b>Designation</b>	<b>Attendance</b>	<b>Sitting fees (in ₹)</b>
	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

<b>Composition</b>	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.			
<b>Brief description of the Charter</b>	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.		

<b>Meetings</b>	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.			
<b>Attendance and Sitting fees during the year 2020-21</b>	<b>Name of the Members</b>	<b>Designation</b>	<b>Attendance</b>	<b>Sitting fees (in ₹)</b>
	Shri Rohit Bhagat, Chairman <sup>1</sup>	Independent Director	4/4	2,00,000
	Smt. Ketaki Bhagwati Chairperson <sup>2</sup>	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 <sup>3</sup>	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

<b>Composition</b>	<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"> <li>Shri Amitabh Chaudhry, Chairman</li> <li>Shri Rajiv Anand</li> <li>Shri Rajesh Dahiya</li> </ol> <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>
<b>Brief description of the Charter</b>	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>To discuss matters inter alia relating to the operations, strategies, business opportunities relating to the Bank and / or that of its subsidiaries.</li> <li>To approve strategic and other investments and divestments up to ₹500 crores.</li> <li>To review and approve any proposals on investment and divestments in the share capital of the existing group entities up to ₹500 crores.</li> <li>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.</li> </ol>
<b>Meetings</b>	<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>

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Attendance and Sitting fees during the year 2020-21	Name of the Members	Designation	Attendance	Sitting fees (in ₹)
	Shri Amitabh Chaudhry, Chairperson <sup>®</sup>	Managing Director & CEO	21/22	-
	Shri Rajiv Anand <sup>®</sup>	Executive Director (Wholesale Banking)	19/22	-
	Shri Rajesh Dahiya	Executive Director (Corporate Centre)	22/22	-
	Shri Pralay Mondal <sup>®1</sup>	Executive Director (Retail Banking)	11/12	-

<sup>®</sup> 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.

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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
<b>Total</b>	<b>2,22,50,000</b>

\* 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 <sup>1</sup>
1	Audit Fees	2,00,00,000
2	Fees for certification and other attest services <sup>2</sup>	3,97,00,000
3.	Non Audit Fees	-
<b>Total</b>		<b>5,97,00,000</b>

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)]

### 27<sup>th</sup> 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					
<b>Total</b>	<b>35,595</b>	<b>4,28,23,796</b>	<b>0.09</b>	<b>46,89,68,55,656</b>		

### 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](mailto: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](mailto: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-notices/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
<b>Total</b>	<b>6,34,123</b>	<b>3,05,92,34,018</b>	<b>4,928</b>	<b>45,14,634</b>	<b>6,39,051</b>	<b>3,06,37,48,652</b>	<b>100.00</b>

## 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
<b>Promoters</b>			
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
<b>Foreign Investors</b>			
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
<b>Domestic Financial Institutions</b>			
10	Financial Institutions / Mutual Funds / Banks / NBFC / INC /AIF	60,51,95,660	19.75
11	Others	21,07,19,877	6.88
<b>Total</b>		<b>3,06,37,48,652</b>	<b>100.00</b>

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](mailto:shareholders@axisbank.com) or [einward.ris@kfintech.com](mailto: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](mailto:shareholders@axisbank.com) and [einward.ris@kfintech.com](mailto: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](http://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](http://www.bseindia.com) and the NSE at [www.nseindia.com](http://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 27<sup>th</sup> 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 27<sup>th</sup> AGM.

### General Body Meetings

The details of the last three Annual General Meetings, are as under:

AGM	Date and Day	Time	Location
24 <sup>th</sup>	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 <sup>th</sup>	20 July 2019 - Saturday	10.00 a.m.	H. T. Parekh Auditorium, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015
26 <sup>th</sup>	31 July 2020 - Friday	10.00 a.m.	26 <sup>th</sup> 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 <sup>th</sup>	20 June, 2018	<b>Resolution No. 11</b> - Increase in the borrowing limits of the Bank upto ₹ 200,000 crores, under Section 180 (1) (c) of the Companies Act, 2013. <b>Resolution No. 12</b> - 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 <sup>th</sup>	20 July 2019	<b>Resolution No. 12</b> - 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 <sup>th</sup>	31 July 2020	<b>Resolution No.3</b> - 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). <b>Resolution No. 5</b> - 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. <b>Resolution No. 6</b> - 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
<b>Axis Bank Limited</b> [CIN: L65110GJ1993PLC020769] 'Trishul', 3 <sup>rd</sup> Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad-380 006. Gujarat. Tel. No.: +9179-6630 6161 Fax No.: +9179-2640 9321 Email: <a href="mailto:shareholders@axisbank.com">shareholders@axisbank.com</a>	<b>Axis Bank Limited</b> '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: <a href="mailto:shareholders@axisbank.com">shareholders@axisbank.com</a> Website: <a href="http://www.axisbank.com">www.axisbank.com</a>	<b>KFin Technologies Private Limited</b> 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: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>

### Debenture Trustees

<b>IDBI Trusteeship Services Limited</b> Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001. Phone No. +91 - 22 4080 7000. Email: <a href="mailto:itsl@idbitrustee.com">itsl@idbitrustee.com</a> Website: <a href="http://www.idbitrustee.com">www.idbitrustee.com</a>	<b>SBI Cap Trustee Company Limited</b> Mistry Bhavan, 4 <sup>th</sup> Floor, 122 Dinshaw Vachha Road, Churchgate, Mumbai - 400 020. Phone No. +91 - 22 - 4302 5555. Email: <a href="mailto:helpdesk@sbicaptrustee.com">helpdesk@sbicaptrustee.com</a> Website: <a href="http://www.sbicaptrustee.com">www.sbicaptrustee.com</a>
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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
<b>Executive Directors</b>	
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
<b>Key Managerial Personnel</b>	
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.

## Other Reports

### 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
<b>TOTAL</b>						<b>55.89</b>	<b>55.87</b>	<b>0</b>			

\* 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
<b>TOTAL</b>					<b>34.99</b>		

(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

## Other Reports

### 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, 3<sup>rd</sup> 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 26<sup>th</sup> Annual General Meeting held on 31 July, 2020 (26<sup>th</sup> 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;



## Other Reports

- (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 26<sup>th</sup> AGM.
  - (ii) Re-appointment of Mr. Rakesh Makhija (DIN: 00117692) at the 26<sup>th</sup> 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 26<sup>th</sup> 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 26<sup>th</sup> 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 26<sup>th</sup> 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, 3<sup>rd</sup> 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, 3<sup>rd</sup> 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