

# 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

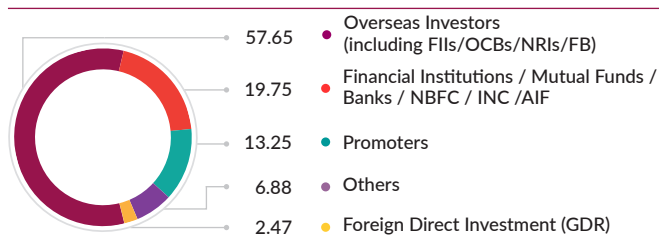
Three promoter entities of the Bank viz. United India Insurance Company Limited, National Insurance Company Limited and The New India Assurance Company Limited have requested the Board of the Bank to reclassify them to "Public" category from "Promoter" category, in terms of Regulation 31A of the SEBI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

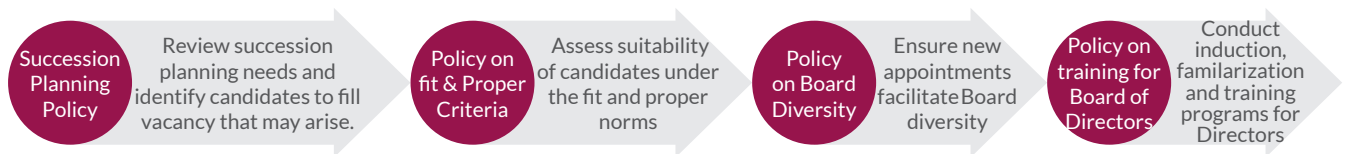
The prescribed information as stated in the forms / declarations / undertakings / consent given by the Directors (other than that of the Members of the NRC) are placed before the NRC and those submitted by the Members of the NRC are placed before the Board, for its review and confirmation, as aforesaid.

### 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