

Directors' Report

The Board of Directors of the Bank (the Board) have the pleasure of presenting the 26th Annual Report of the Bank together with the Audited Statement of Accounts, Auditors' Report and the Report on the business and operations of the Bank, for the financial year ended 31st March 2020.

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

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

	(₹ in crores)		
Particulars	2019-20	2018-19	Growth
Deposits	640,105	548,471	17%
• Savings Bank Deposits	173,592	154,129	13%
• Current Account Deposits	90,114	89,265	1%
Advances	571,424	494,798	15%
• Retail Advances	305,400	245,812	24%
• Non-retail Advances	266,024	248,986	7%
Total Assets/Liabilities	915,165	800,997	14%
Net Interest Income	25,206	21,708	16%
Other Income	15,537	13,130	18%
• Fee Income	11,019	10,127	9%
• Trading Profit ⁽¹⁾	2,420	971	149%
• Misc. Income	2,098	2,032	3%
Operating Expenses	17,305	15,833	9%
Operating Profit	23,438	19,005	23%
Provision for Tax	3,277	2,297	43%
Other Provisions and Write offs	18,534	12,031	54%
Net Profit	1,627	4,677	(65%)
Balance in Profit and Loss account brought forward from previous year	24,323	23,043	
Amount Available For Appropriation	25,950	27,720	
Appropriations			
Transfer to Statutory Reserve	407	1,169	
Transfer (from)/to Investment Reserve	-	(103)	
Transfer to Capital Reserve	341	125	
Transfer to Reserve Fund	1	1	
Dividend paid (includes tax on dividend)	289	-	
Transfer to Investment Fluctuation Reserve	328	600	
Surplus carried over to Balance Sheet	24,585	25,928	

(1) Excluding Merchant Exchange Profit

Key Performance Indicators

Key Performance Indicators	2019-20	2018-19
Interest Income as a percentage of working funds*	7.56%	7.38%
Non-interest Income as a percentage of working funds*	1.87%	1.76%
Net Interest Margin	3.51%	3.43%
Return on Average Net Worth	2.34%	8.09%
Operating Profit as a percentage of working funds*	2.83%	2.55%
Return on Average Assets	0.20%	0.63%
Profit per Employee**	₹ 2.40 lakhs	₹ 7.61 lakhs
Business (Deposits less inter-bank deposits + Advances) per employee**	₹ 17.27 crores	₹ 16.53 crores
Net non-performing assets as a percentage of net customer assets***	1.56%	2.06%

* 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

Covid-19 Pandemic

The Bank has undertaken proactive 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:

- i. Protecting people – issuing and implementing advisories around staff health, hygiene in office premises, quarantine and social distancing etc.
- ii. Ensuring continuity – testing and deploying business continuity plans, including driving and scaling up work-from-home initiative.
- iii. 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.
- iv. Maintaining liquidity – enhanced monitoring of liquidity position and deposit withdrawals to take pre-emptive action.
- v. Conserving capital – credit advisories around originating and disbursement of new exposures with enhanced monitoring of existing vulnerable credit exposure.

The governance around the above has been put in place under the aegis of a Central Emergency Response Team (CERT) headed by the Executive Director (Corporate Centre) of the Bank, reporting directly to the Management Committee of the Bank. This team has been meeting daily to review the situation in each of the said fronts, on which risk profile would be heightened and take appropriate mitigation measures in response to the situation at the ground level.

CSR Initiatives towards COVID-19 Pandemic

The Bank continues to stand together with the country in its collective battle against COVID-19 Pandemic, and is committed to a multi-pronged response supporting the Bank's customers, employees, business partners, government agencies and the community at large. The Bank is directly supporting government entities towards meeting their urgent equipment and sanitation requirements and under Axis Cares it is supporting nearly 35,000 individuals towards meeting their food requirements for a month.

Towards augmenting the country's collective efforts in fighting the COVID-19 Pandemic, Axis Group has committed to contribute to the PM CARES Fund and to GiveIndia's India COVID Response Fund. In addition, Axis Bank Foundation, the CSR arm of the Bank, is working closely with its implementation partners across India towards augmenting on-ground activities to address the COVID-19 Pandemic related challenges.

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 financial year 2017-18, the Bank had issued 4,53,57,385 convertible warrants convertible into 4,53,57,385 equity shares at a price of ₹ 565.00 per warrant, on a preferential basis. The allottees of the said convertible warrants were entitled to exercise the option of converting one convertible warrant into one equity share of ₹ 2/- each of the Bank, within a period of 18 months from the date of its allotment, i.e. on or before 17th June 2019.

During the year, the Bank allotted 4,53,57,385 equity shares pursuant to exercise of convertible warrants by the allottees of the said convertible warrants. As a consequence, the paid-up share capital of the Bank increased by ₹ 9.07 crores and the reserves of the Bank increased by ₹ 2,551.03 crores after charging off issue related expenses.

During the year, the Bank also raised additional equity capital through allotment of 19,87,28,139 equity shares of ₹ 2/- each of the Bank, pursuant to a Qualified Institutional Placement Issue. Consequently, the total issued and paid-up equity share capital of the Bank increased by ₹ 39.75 crores and the Reserves of the Bank increased by ₹ 12,392.50 crores after charging of issue related expenses. The said funds were raised to enhance the capital adequacy, in accordance with regulatory requirements, to finance the growth strategy and for general corporate purposes, in accordance with applicable law. The Audit Committee of Board of the Bank (Audit Committee) at its meeting held on 22nd January 2020, has reviewed and confirmed that the Bank has utilized the said funds for the above-mentioned purposes and there was no deviation in utilization of the said funds.

During the year, the Bank allotted 59,47,539 equity shares of ₹ 2/- each of the Bank, pursuant to exercise of options by some of its Whole Time Directors/Employees and that of the subsidiary companies of the Bank, 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, as on 31st March 2020 increased by ₹ 50.01 crores to ₹ 564.34 crores, as compared to ₹ 514.33 crores, as on 31st March 2019.

The category wise Shareholding Pattern of the Bank, as on 31st March 2020, was as under:

Sr. No.	Category / Shareholder	No. of Shares held	% of total issued & paid-up Capital
Promoters			
1	Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	12,96,52,427	4.59
2	Life Insurance Corporation of India	25,43,77,246	9.02
3	General Insurance Corporation of India	3,17,15,229	1.12
4	The New India Assurance Company Limited	2,05,91,585	0.73
5	National Insurance Company Limited	5,49,681	0.02
6	The Oriental Insurance Company Limited	49,77,520	0.18
7	United India Insurance Company Limited	9,13,248	0.03
Foreign Investors			
8	Overseas Investors (including FIIs/OCBs/NRIs)	1,44,95,54,331	51.37
9	Foreign Direct Investment (GDR)	5,48,68,145	1.94
Domestic Financial Institutions			
10	Financial Institutions / Mutual Funds / Banks / NBFC / INC / AIF	64,31,64,609	22.79
11	Others	23,13,13,913	8.21
Total		2,82,16,77,934	100.00

Debt Capital

During the year, the Bank issued and allotted 41,750 Senior Unsecured Redeemable Non-Convertible Debentures of face value of ₹ 10 lakh each, aggregating to ₹ 4,175 crores, on a private placement basis. The said Debentures were issued for enhancing long term resources for funding infrastructure projects and affordable housing. The Audit Committee at its meeting held on 28th April 2020, has reviewed and confirmed that the Bank has utilized the said funds for the above-mentioned purposes and there is no deviation in utilization of the said funds.

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 Ltd. (NSE) and BSE Ltd. (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 2019-20.

Dividend

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Bank has formulated and adopted a Dividend Distribution

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Policy with the objective of providing clarity to its stakeholders on the profit distribution strategies of the Bank. During the year, the said Policy was reviewed by 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>.

The Diluted Earnings Per Share (EPS) of the Bank for the financial year 2019-20 stood at ₹5.97 per equity share of ₹ 2/- each as compared to ₹ 18.09 per equity share of ₹ 2/- each in the previous financial year.

The Reserve Bank of India, vide its circular dated 17th April 2020, has advised that banks shall not make any further dividend pay-outs from profits pertaining to the financial year ended 31st March 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19 Pandemic. Accordingly, the Board of Directors of the Bank has not proposed any dividend for the year ended 31st March 2020.

Deposits

Being a banking company, the disclosures relating to deposits as required under Rule 8(5)(v) and (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 Senior Unsecured Redeemable Non-Convertible Debentures (Series 5) issued and allotted by the Bank, on a private placement basis, during the financial year 2019-20, were rated "CRISIL AAA" by CRISIL Ltd. and "ICRA AAA" by ICRA Ltd.

The Bonds issued and allotted by the Bank under the MTN programme, on a private placement basis, during the financial year 2019-20, were rated "BBB-" by Standard & Poor's.

The details of all credit ratings obtained by the Bank along with any revisions thereto, during the financial year 2019-20, for all the debt instruments outstanding as on 31st March 2020, is disclosed in the Corporate Governance Report, forming part of this report.

Board of Directors

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

- Dr. Sanjiv Misra ceased to be the Non-Executive (Part-Time) Chairman of the Bank, pursuant to completion of his tenure, with effect from the close of business hours on 17th July 2019. In light of the above, Dr. Sanjiv Misra decided not to continue as an Independent Director of the Bank for the remainder of his tenure and accordingly resigned as the Independent Director of the Bank, with effect from the close of business hours on 17th July 2019. In accordance with Clause 7B of Schedule III, Part A of the Listing Regulations, Dr. Sanjiv Misra confirmed that there was no other material reason for his resignation, other than the above. The Board acknowledges the invaluable contributions rendered by Dr. Sanjiv Misra 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/ Committee of the Bank and for his leadership, as the Non-Executive (Part-Time) Chairman of the Bank.
- Shri Rakesh Makhija, Independent Director of the Bank, was appointed as the Non-Executive (Part-Time) Chairman of the Bank, for a period of 3 (three) years, with effect from 18th July 2019 upto 17th July 2022 (both days inclusive), in terms of the approval granted by the Reserve Bank of India (RBI) and by the Shareholders of the Bank at the 25th Annual General Meeting held on 20th July 2019.
- Prof. Samir Barua ceased to be an Independent Director of the Bank, with effect from the close of business hours on 21st July 2019, 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 Prof. Samir Barua 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 Pralay Mondal was appointed as the Executive Director (Retail Banking) of the Bank, for a period of 3 (three) years, with effect from 1st August 2019 upto 31st July 2022 (both days inclusive), in terms of the approval granted by the RBI and the Shareholders of the Bank at the 25th Annual General Meeting held on 20th July 2019.

- Shri Rajiv Anand, Executive Director (Wholesale Banking) and Shri Rajesh Dahiya, Executive Director (Corporate Centre) of the Bank, were re-appointed as the Executive Director (Wholesale Banking) and Executive Director (Corporate Centre) of the Bank, respectively, for a further period of 3 (three) years, with effect from 4th August 2019 upto 3rd August 2022 (both days inclusive), in terms of the approval granted by the RBI and the Shareholders of the Bank at the 25th Annual General Meeting held on 20th July 2019.
- Shri Som Mittal ceased to be an Independent Director of the Bank, with effect from the close of business hours on 21st October 2019, 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 Som Mittal 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.
- Smt. Usha Sangwan, Nominee Director of Life Insurance Corporation of India (LIC), Promoter of the Bank, on the Board of the Bank, tendered her resignation as the Non-Executive (Nominee) Director of the Bank, with effect from 12th December 2019. The Board acknowledges the invaluable contributions rendered by Smt. Usha Sangwan during her tenure as the Non-Executive (Nominee) Director of the Bank and places on record its deep appreciation for the insightful perspectives and suggestions provided by her at the meetings of the Board/ Committees of the Bank.
- The Board of Directors of the Bank on 9th December 2019, re-appointed Shri S. Vishvanathan, as the Independent Director of the Bank, for his second term from 11th February 2020 up to 10th February 2023 (both days inclusive) i.e. up to the expiry of his tenure of 8 (eight) continuous years, in terms of the provisions of Section 10A (2A) of the Banking Regulation Act, 1949, taking into account the outcome of his performance evaluation and pursuant to the recommendation of the Nomination and Remuneration Committee of Directors of the Bank (Nomination and Remuneration Committee). The said re-appointment was approved by the Shareholders of the Bank, by means of a Special Resolution, passed through Postal Ballot on 9th January 2020. During the said period, Shri S. Vishvanathan shall not be liable to retire by rotation, in terms of the provisions of Section 149(13) of the Companies Act, 2013.

The Board at its meeting held on 29th April 2020, approved the proposals relating to re-appointment of Directors of the Bank:

- Re-appointment of Shri B. Baburao, as the Non-Executive (Nominee) Director of the Bank, who is liable to retire by rotation at the ensuing Annual General Meeting, and being eligible has offered himself for re-appointment, in terms of Section 152 of the Companies Act, 2013.
- Re-appointment of Shri Rakesh Makhija, as an Independent Director of the Bank, for his second term as such, from 27th October 2020 up to 26th October 2023 (both days inclusive) i.e. up to the expiry of his tenure of 8 (eight) continuous years in terms of the provisions of Section 10A (2A) of the Banking Regulation Act, 1949, Section 149 of the Companies Act, 2013 and the Listing Regulations, subject to the approval of the Shareholders of the Bank, at the ensuing Annual General Meeting by means of a Special Resolution.

The ordinary/special resolution(s) in respect of re-appointment of the Directors, as aforesaid, have been included in the Notice convening the 26th Annual General Meeting of the Bank. Brief profiles of the said Directors have been annexed to the said Notice.

The composition of the Board, is in compliance with the applicable norms.

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 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). 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 (Part time) Chairman, Independent Directors, Managing Director & CEO (MD & CEO), Whole Time Directors (WTD), Group Executives, Key Managerial Personnel and other Key officials of the Bank, from time to time, to plan for succession of the said roles and 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.

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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 and to ensure systematic and long-term development of personnel for taking higher roles and responsibilities at the senior management levels at the Bank or that of its subsidiary companies, which may arise due to impending move or retirement or resignation or sudden exit or for any reason whatsoever, of the role, incumbent or named successors.

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

In terms of the Policy, which has been reviewed by the Nomination and Remuneration Committee and by the Board, the succession planning process for the post of the Non-Executive (Part-Time) Chairman/ Independent Director is required to be initiated at-least 9 (nine) 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/WTD of the Bank is required to be initiated at-least 9 (nine) months prior to the expiry of the current term or the date of retirement or as soon as the Bank is informed of the decision of the MD & CEO/WTD to resign from the services of the Bank or to opt for Early Retirement, 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 the appointment/re-appointment of the MD & CEO/WTD of the Bank or in case of a sudden vacancy in the position of MD & CEO/WTD of the Bank, caused due to death or permanent incapacitation or for any other reason whatsoever.

The RBI has vide its circular no. RBI/2019-20/204 DoR.Appt.No.58/29.67.001/2019-20 dated 31st March 2020 on "Appointment of Managing Director and Chief Executive Officer (MD & CEO) / CEO / Part-Time Chairperson (PTC) in Banks – 'Declaration and Undertaking' and allied matters, prescribed new format for declarations/ undertakings to be submitted by the Directors of a Bank. The Bank has accordingly, obtained the prescribed declarations / undertakings from all its Directors, in the revised format.

The Bank adheres to the process and methodology prescribed by the RBI in respect of the 'Fit & Proper' criteria as applicable to Private Sector Banks, signing of deed of covenants which binds the Directors 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 declarations / undertakings given by the Directors other than that of the Members of the Nomination and Remuneration Committee are placed before the Nomination and Remuneration Committee and the declarations / undertakings given by the Members of the Nomination and Remuneration Committee are placed before the Board, for its review and noting. The said declarations / undertakings are obtained from all the Directors on an annual basis and also at the time of their appointment / re-appointment, in compliance with the said laws. An assessment on whether the Directors fulfil the prescribed criteria is carried out by the Nomination and Remuneration Committee and the Board, on an annual basis and also at the time of their appointment / re-appointment.

The Nomination and Remuneration Committee also reviews the structure, size, composition of the Board, the regional and industry experience, track record, expertise and other relevant information and documents of all the Directors before making appropriate recommendations to the Board with regard to their appointment / re-appointment, terms and conditions relating to such appointment / re-appointment, including remuneration, designed to enhance the Board's effectiveness and in compliance with the applicable norms. Wherever necessary, the Nomination and Remuneration Committee is authorized to engage the services of an External Consultant(s) / 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 Nomination and Remuneration Committee takes into account the profile, skill sets, experience, expertise, functional capabilities etc., and identifies potential candidates from diverse backgrounds including but not limited to accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, small-scale industry, information technology, core industries, infrastructure sector, payment and settlement systems, human resource, risk management and business

management, thus providing the Board with Members who have diverse knowledge, practical experience and skills, to serve the business interests of the Bank.

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 Section 149 of the Companies Act, 2013 and Regulation 16 of the Listing Regulations, which were placed before the Board for their review. The Board has confirmed and taken on record the said declaration of Independence provided by the Independent Directors, after undertaking due assessment of the veracity of the same. In the opinion of the Board, the Independent Directors fulfill the criteria prescribed for independence 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 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 Authorities. The said certificate is annexed as part of this report.

Key Managerial Personnel

Shri Jairam Sridharan, resigned as the Group Executive & Chief Financial Officer (CFO) and Key Managerial Personnel of the Bank, with effect from the close of business hours on 5th March 2020. The Board places on record its appreciation for the invaluable contributions rendered by Shri Jairam Sridharan during his tenure as the Group Executive & CFO of the Bank.

Pursuant to the vacancy caused by the resignation of Shri Jairam Sridharan, as aforesaid, and pursuant to the recommendations of the Nomination and Remuneration Committee and the Audit Committee of the Bank, the Board at its meeting held on 27th February 2020, approved the appointment of Shri Puneet Sharma, as the Chief Financial Officer (CFO) and Key Managerial Personnel of the Bank, with effect from 6th March 2020.

The Board at its meeting held on 29th April 2020, appointed Shri Rajiv Anand, Executive Director (Wholesale Banking), Shri Rajesh Dahiya, Executive Director (Corporate Centre) and Shri Pralay Mondal, Executive Director (Retail Banking) as the Key Managerial Personnel of the Bank, with effect from 29th April 2020, in terms of Section 203(1) read with Section 2(51) of the Companies Act, 2013.

Shri Amitabh Chaudhry, Managing Director & CEO, Shri Rajiv Anand, Executive Director (Wholesale Banking), Shri Rajesh Dahiya, Executive Director (Corporate Centre), Shri Pralay Mondal, Executive Director (Retail Banking), Shri Puneet Sharma, CFO 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 the relevant Rules made thereunder.

Board Performance Evaluation

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

The Nomination and Remuneration Committee is the nodal agency for conducting the said performance evaluation. The Nomination and Remuneration Committee has reviewed and approved the manner for effective evaluation of the performance of the Board, its Committees, its individual Directors and its Chairman and determined the criteria for conduct of such performance evaluation. The manner in which the evaluation has been conducted and the details of the outcome of the board performance evaluation for the financial year under reference, along with the proposed action for implementation by the Bank during the FY 2020-21, is provided in the Report on Corporate Governance, which forms part of this report.

Meetings of the Board/Committees of the Board

The schedule in respect of the meetings of the Board / Committees thereof 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, 10 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

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relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder and the Listing Regulations relating to Corporate Governance.

Audit Committee

The composition, role and functions of the Audit Committee 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 a Comprehensive Remuneration Policy for its Directors, Material Risk Takers, Key Managerial Personnel and other Employees (the Policy), in terms of the relevant provisions of Section 178 of the Companies Act, 2013, the relevant Rules made thereunder, the Listing Regulations relating to Corporate Governance and the Guidelines issued by the RBI, in this regard.

The said Policy was reviewed and approved by the Nomination and Remuneration Committee and by the Board, pursuant to the revised Guidelines dated 4th November 2019 issued by the RBI on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff.

The Nomination and Remuneration Committee reviewed the impact of the revised Guidelines to the said Policy and on the various aspects of the compensation structure such as Fixed Pay, Variable Pay, Stock Options etc. and also *inter alia* took into account, effective alignment of compensation with prudent risk taking, international scenarios, external benchmarks on remuneration trends in the Banking/ NBFC sector in India, implications under tax laws, macro trends relating to employment / remuneration etc. and recommended the same for the approval of the Board.

In terms of the revised Guidelines, which is effective from 1st April 2020, the Bank formulated and adopted Remuneration Policy for Non-Executive Chairman and Non-Executive Directors of the Board and Remuneration Policy for MD & CEO, Whole-time Directors, Material Risk Takers, Control Function Staff and other employees of the Bank.

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

Whistle Blower Policy and Vigil Mechanism

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

Subsidiaries, Joint Ventures and Associates

As on 31st March 2020, the Bank has the following eleven unlisted subsidiary companies and one step down subsidiary;

- i) Axis Asset Management Company Ltd. undertakes the activities of managing the mutual fund business.
- ii) Axis Mutual Fund Trustee Ltd. acts as the trustee for the mutual fund business.
- iii) Axis Capital Ltd. provides services relating to investment banking, equity capital markets, institutional stock broking, mergers and acquisition advisory etc.
- iv) Axis Finance Ltd. is an NBFC and carries on the activities of corporate and structural lending, loan against property etc.
- v) Axis Securities Ltd. is in the business of retail broking services.
- vi) A.TREDS Ltd. is engaged in the business of facilitating financing of trade receivables.
- vii) Axis Trustee Services Ltd. is engaged in trusteeship activities, acting as debenture trustee and as trustee to various securitisation trusts.

- viii) Freecharge Payment Technologies Private Ltd 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) Accelyst Solutions Private Ltd. is in the business of providing Online marketing and sales promotion solutions, providing facilities to recharge online prepaid, postpaid mobile phones connections, DTH connections and data cards etc., distribution of mutual fund & insurance services.
- x) Axis Bank UK Ltd. is the banking subsidiary of the Bank in the United Kingdom and undertakes the activities of banking.
- xi) Axis Private Equity Ltd. primarily carries on the activities of managing equity investments and provides venture capital support to businesses.
- xii) 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 Pvt. Ltd. (FCPTL) and Accelyst Solutions Pvt. Ltd (ASPL)

On 27th 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 7th October 2017 and the effect of the said merger will 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 7th October 2017 to 1st April 2018. Since the Scheme of Amalgamation filed by the FCPTL was already approved by NCLT, Delhi with the appointed date of 7th 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 is in the process of filing a modification application before NCLT, Mumbai to amend the appointed date from 1st April 2018 to 7th October 2017 as originally and mutually decided by FCPTL and ASPL and as mentioned in the said Scheme of Amalgamation. Accordingly, no accounting impact of the Scheme has been taken in the consolidated financial statements, as at 31st March 2020.

Merger of Axis Finance Ltd. and Axis Private Equity Ltd.

Axis Private Equity Ltd., is in the process of amalgamating with Axis Finance Ltd. and has submitted an application for amalgamation before the NCLT on 13th October 2017. At the last hearing held in February 2020, the NCLT has fixed the matter as "reserved for order" and the order is awaited, as at the Balance Sheet date.

The Bank does not have any associate company. During the year, the Bank has not entered into any joint venture.

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 including that of all its subsidiary companies, which forms part of this report. The financial position and performance of each of the said subsidiary companies are 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>.

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Directors' Report

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 Audit Committee. 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 Audit Committee for their review. The Bank has developed a Standard Operating Procedure for the purpose of identifying and monitoring such transactions.

During the year, 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/Compliance-Report>, in terms of the 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.

In terms of the said ESOS, as on date, 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 Nomination and Remuneration Committee / 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 upto 29th 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 Nomination and Remuneration Committee/ Board, 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 with effect from the said grants made by the Bank on or after 10th 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 Nomination and Remuneration Committee.

Pursuant to the sub-division of the equity shares of the Bank, the Shareholders of the Bank at the 20th Annual General Meeting held on 27th June 2014, also approved the consequent 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 30th July 2014.

Since 24th February 2001 up to 31st March 2020, the Nomination and Remuneration Committee / Board had out of the said 26,50,87,000 stock options, approved the grant of 28,16,13,850 stock options (including 2,80,03,497 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 three / five years, from the date of its respective vesting, in terms of the respective ESOS of the Bank.

As of 31st March 2020, out of the said 28,16,13,850 stock options so granted 22,88,18,308 stock options have been vested, out of which 20,84,44,468 stock options have been exercised and the balance 2,03,73,840 stock options remain unexercised. Further, 2,47,92,045 stock options remained unvested and 2,80,03,497 stock options had been treated as lapsed and forfeited.

There were no material changes in the Employee Stock Option Scheme(s) of the Bank during the financial year 2019-20 and the same is in compliance with the relevant provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended.

Statutory disclosures as mandated under 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 Listing Regulations, relating to Corporate Governance. The said reports have been uploaded on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/compliance-report>.

The Report on Corporate Governance for the financial year 2019-20 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 Listing Regulations, relating to Corporate Governance, forms part of this report.

The Corporate Governance framework of the Bank incorporates all the mandatory requirements as prescribed in the Listing Regulations. The Bank has also adopted the non-mandatory requirements as recommended in the 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 Complaints 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 2019-20 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 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures.

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Directors' Report

- 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 31st March 2020 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

In accordance with the Companies (Amendment) Act, 2017, read with Section 134(3) of the Companies Act, 2013, the Annual Return, under Section 92 (3) of the Companies Act, 2013, can be accessed on the website of the Bank at <https://www.axisbank.com/shareholders-corner/shareholders-information> and the extract of the Annual Return in Form MGT 9, is provided as an annexure to this report.

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 31st March 2020, the Bank had 88 employees who were employed throughout the year and were in receipt of remuneration of more than ₹1.02 crores per annum and 16 employees of the Bank who were employed for part of the year and were in receipt of remuneration of more than ₹8.50 lakhs 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 104 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. Any Member interested in obtaining a copy thereof, may write to the Company Secretary of the Bank at its Registered Office or at shareholders@axisbank.com.

Conservation of Energy & Technology Absorption:

Conservation of Energy

Energy and natural resource conservation have been focus areas for the Bank and conscious efforts are being made towards improving energy performance, year on year. For Sustainable Development, Energy efficiency initiatives have been implemented across several branches and offices through energy and resource conservation projects.

The Bank ensures strict compliance with all statutory requirements and voluntarily undertakes several sustainable steps in order to contribute towards a better environment.

- i) The steps taken by the Bank, for utilizing alternate sources of Energy:
 - (a) Implementation of Solar energy projects across select Branches / Offices, aggregating ~ 7.05 MW. (Internet of Things) IOT based monitoring of power generated through solar plants across rooftop over 245 branch locations.

- (b) Centralised Energy Management System (CEMS) augmented to 1,493 branches from earlier 893 branches to monitor and control energy consumption.
 - (c) Agreement to Procure Solar power ~1MW (3.50 lakh units p.a.) under Power Purchase Agreement Model for Banks Business Continuity Centre (Data Centre), Bangalore.
 - (d) Replacement of conventional lighting to LED lights in 1,100 existing branches (reducing estimated annual power consumption by 1.5 MW) over and above 250 plus branches already completed in previous fiscal. All new branches/offices are provided with LED light fittings as a standard feature.
 - (e) Implementation of 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 lac litres per annum.
 - (f) Conversion of Food/ Wet waste at Axis House, Mumbai, into manure through compost machine for use in landscaping/gardening.
 - (g) Maintenance of unity power factor through APFC panels in auto mode for optimum use of power at Axis House, Mumbai and Noida.
 - (h) Installation of Motion sensors for workstations and common area lighting at Axis House, Mumbai.
 - (i) Re-cycling of Dry waste at Axis House, Mumbai, into stationery items like notepads.
 - (j) Daily re-cycling of 150 KL of water through Sewage Treatment Plant at Axis House, Mumbai.
 - (k) Reduction of water consumption at Axis House, Mumbai through use of aerators.
 - (l) Rain Water Harvesting of ~2000 KL of water yearly at Axis House, Mumbai.
 - (m) Savings of water consumption by use of Bio-blocks in urinals at Select Large Offices.
 - (n) Installation of sensors in washbasins to optimise flow of water at Select Large Offices.
- ii) Capital Investment made on Energy Conservation Equipment:
- (a) Capital Investment incurred of ~₹ 79 Lacs towards implementation of On Grid Inverter across rural Branches.
 - (b) LED light replacement project has been undertaken under amortization model over period of 5 years.
 - (c) CEMS project is on saving and sharing Model basis.
 - (d) Capital investment incurred of ~ ₹ 71.63 Lacs towards implementation of Internet of Thing (IoT) based remote solar monitoring across 245 Branches.

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, large scale IT transformation was undertaken augmenting the Bank's infrastructure to further build capabilities. The Bank continues to upgrade its core systems for better scalability, stability and enhanced security.

- (a) The Bank's Digital Lending platform has been at the forefront of the digital innovation initiatives enabling quicker adoption of capabilities needed to develop any lending product. The Bank aims to leverage the platform and extend its capabilities across other products like Cards, SME etc.
- (b) By leveraging technology and digitisation to build a "full-stack" digital foundation, the Bank is providing customers with a seamless payment and banking experience. The Bank's Award winning Mobile application is one of the highest rated banking application on Appstore. The Mobile application has been continuously evolving to provide consistent, seamless, intuitive and contextual digital banking offerings.

- (c) Pre-approved customers can now avail ICC, a virtual credit card, which is issued instantaneously. The Bank has partnered with Flipkart and Freecharge to offer instant credit card solution. Additionally, the Bank provides a frictionless and time-saving experience to customers by issuing credit cards through self-service kiosk at select branch locations.
 - (d) The Bank continues to re-invent and re-invest in technologies including mobility, cognitive intelligence, application programming interface (API) banking, RPA and AI/ML 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 merchants thereby generating more business and driving volumes. The Bank has future 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. To leverage customer's historical behavior and sharpen their product offerings, Bank is upgrading its Big Data Lake platform to provide enhanced analytics and data processing capabilities.
 - (e) The Bank has also embarked on its journey of re-architecting its technology infrastructure to be Cloud native providing the necessary agility, speed and elasticity for scale. To improve Branch network and address infrastructure limitations in remote geographies, the Bank has empanelled multiple national level large reach providers and local broadband providers. The Bank has also invested in software defined data centers and network which will enhance Branch bandwidth exponentially.
 - (f) The Bank pursues 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 with ISO27001 and PCIDSS standards. The Bank has a 24x7 Security Operations Centre and Cyber Security Operations System.
 - (g) Following the present COVID-19 Pandemic situation, the Bank has been committed to provide uninterrupted services to its customers. The Bank has actively encouraged large scale Work-From-Home mandate and has provided all enablement necessary to support its employees to efficiently perform their duties. The Bank has allocated laptops, activated VPN/VDI connections along with application access and triggered enterprise mobility and collaborative tools to all critical employees to enhance productivity and ensure seamless collaboration. The Bank also swiftly made changes necessary for RBI moratorium across all applicable systems.
 - (h) Additionally, the Bank mobilized its service architecture and taskforce to provide necessary support to customers and employees whilst continuing to focus on development efforts of strategic initiatives.
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

As organization transitions to a dual-speed structure, the focus is on balancing development of new age products with strengthening of the core applications. The dual-speed structure will address front-end and back-end needs to improve end user experience at the same time improve time-to-market by agile, DevOps methodologies adoption.

In addition to investing in new age products and initiatives as stated above, the Bank has also undertaken several key initiatives to upgrade its core applications like Finacle, FinnOne, Prime among others to help scale up to the requirements. The core infrastructure is also being upgraded to deliver a 24 x 7 availability of services to end users. The Bank is looking at monitoring the performance of all key parameters across applications to ensure a consistent and delightful customer experience. The monitoring also provides insights into improvement areas that will continuously be worked on over a period of time. The Bank is also actively looking at using open technology platforms which provide reliability and agility, which will help reduce the overall cost of licensing and AMS. With Intelligent Automation the Bank has created Bot store and AI model store while automating 300+ processes and 1700+ jobs; thereby benefiting in FTE cost savings, TAT & error reduction and auto scale up/down to manage volume fluctuation.

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 2017-18, 2018-19 and 2019-20, are provided below:

PO Issue Year	Currency	Paid Amount
FY 17-18	USD	7,34,180
FY 18-19	USD	17,63,702
FY 19-20	USD	3,75,000
Total		28,72,882

(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.

iv) 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 Listing Regulations, is provided as an annexure to this report.

Risk Management

Pursuant to Regulation 21 of the 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 Listing Regulations, top 1000 listed entities based on their market capitalisation as on 31st March every year, are required to submit their Business Responsibility Report (BRR) as a part of their Annual Report. The Bank's BRR describing the initiatives taken by the Bank from an Environmental, Social and Governance perspective has been hosted on the website of the Bank at, <https://www.axisbank.com/shareholders-corner/shareholders-information/business-responsibility-report>. Any Member interested in obtaining a copy of the BRR may write to the Company Secretary of the Bank at shareholders@axisbank.com or submit a written request to the Registered Office of the Bank.

Particulars of Loans, Guarantees and Investments

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

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

Corporate Social Responsibility

The Bank has constituted the Corporate Social Responsibility (CSR) Committee of the Board, in accordance with the provisions of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

The Bank has formulated and adopted a CSR Policy, in terms of the provisions of Section 135 of the Companies Act, 2013 and the said Rules. During the year, amendments to the CSR Policy of the Bank, was reviewed and approved by the CSR Committee and by the Board, to bring it in line with the proposed CSR norms. The said CSR Policy has been hosted on the website of the Bank at <https://www.axisbank.com/csr>.

The brief outline of the CSR Policy, including overview of the programs undertaken by the Bank, the composition of the CSR Committee, average net profits of the Bank for the past three financial years, prescribed CSR expenditure and details of the amounts spent by the Bank on CSR activities during the year under review, 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 1st 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 1st April 2018. However, the RBI in its press release issued on 5th April 2018 deferred the applicability of Ind AS by one year (i.e. 1st April 2019) for Scheduled Commercial Banks. Further, RBI in a circular issued on 22nd 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 has also submitted to RBI Proforma Ind AS financial statements for the first three quarters of the financial year 2019-20.

The Bank is also examining impact of Ind AS on business planning, budgeting, taxation, capital planning and on capital adequacy.

The Bank is in the process of preparation of proforma Ind-AS financial statements for the year ended 31st March 2020.

Statutory Auditor

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

In terms of provisions of Section 30 of the Banking Regulation Act, 1949, the approval of the RBI is mandatory for appointment of Statutory Auditors of the Bank, every year. The Bank will obtain the requisite approval of RBI for the appointment of M/s Haribhakti & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Bank, for the financial year 2020-21.

In this regard, the Bank has received a certificate from the said Statutory Auditors to the effect that the appointment, if made, would be in accordance with the relevant provisions of Section 141 of the Companies Act, 2013.

As required under Regulation 33(1)(d) of the Listing Regulations, the Statutory Auditors have confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and that they hold a valid certificate issued by the Peer Review Board of ICAI.

There are no qualifications, reservations or adverse remarks made by M/s. Haribhakti & Co. LLP, Chartered Accountants, Statutory Auditors of the Bank, in their report.

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 2019-20. The secretarial audit of the Bank was conducted on a quarterly basis in respect of the matters prescribed in the said Rules and as set out in the Secretarial Audit Report for the financial year 2019-20, 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.

In terms of SEBI circular no CIR/CFD/CMD1/27/2019 dated 8th 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 2019-20. The Bank will submit the Annual Secretarial Compliance Report to the Stock Exchanges within the prescribed time limit and host the same on its website www.axisbank.com.

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 2019-20, 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 2019-20, 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 and has 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 (Finance and Accounts) & CFO of the Bank, for the quarter/ financial year ended 31st March 2020, was placed before the Board at its meeting held on 28th April 2020, in terms of Regulation 17(8) of the 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.

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Directors' Report

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 31st March 2020.
- (ii) Independent Auditor's Certificate on Compliance with the Corporate Governance Requirements as prescribed under the Listing Regulations.
- (iii) Report on Corporate Governance of the Bank for the financial year ended 31st March 2020.
- (iv) Extract of the annual return for the financial year ended 31st March 2020, in form MGT-9.
- (v) 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.
- (vi) Annual Report on CSR activities undertaken by the Bank during the financial year ended 31st March 2020.
- (vii) Secretarial Audit Report of the Bank, for the financial year ended 31st March 2020.
- (viii) Certificate relating to non-disqualification of Directors from being appointed or continuing as Directors, under Regulation 34(3) of the Listing Regulations.

Acknowledgements and Appreciations

The Board places on record its gratitude to the Reserve Bank of India, Ministry of Corporate Affairs, Securities and Exchange Board of India, 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 the Shareholders of the Bank for their continued support and to its valued customers for their continued patronage.

The Board also expresses its deep sense of appreciation to all the employees of the Bank for their strong work ethics, excellent performance, professionalism, teamwork, commitment and initiatives which has led to the Bank reinforcing its customer centric image and making commendable progress in today's challenging environment.

For and on behalf of the Board of Directors

Place : Pune
Date : 29th April 2020

Rakesh Makhija
Chairman