

# CORPORATE GOVERNANCE

(Part of the Directors' Report for the year ended 31<sup>st</sup> March 2016)

## 1. Philosophy on Code of Governance

Your Bank's policy on Corporate Governance has been:

- I. To enhance the long-term interest of its shareholders, provide good management, adopt prudent risk management techniques and comply with the required standards of capital adequacy, thereby safeguarding the interest of its other stakeholders such as depositors, creditors, customers, suppliers and employees.
- II. To institutionalize accountability, transparency and equality of treatment for all its stakeholders, as central tenets of good corporate governance and to articulate this approach in its day-to-day functioning and in dealing with all its stakeholders.

## 2. Board of Directors

- I. The composition of the Board of Directors of the Bank is governed by the relevant provisions of the Companies Act, 2013, Rules made thereunder, the Banking Regulation Act, 1949, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Articles of Association of the Bank.
- II. The Board of Directors of the Bank has an optimum combination of Executive and Non-Executive Directors. The Board presently comprises of 13 Directors representing diverse combination of professionalism, knowledge, expertise and experience as required in the banking business. The Board has 8 Independent Directors constituting more than one-half of its total membership strength and 3 Women Directors. None of the Directors or their relatives are related to each other.
- III. The Bank recognizes and embraces the importance of a diverse board in its success and is endowed with appropriate balance of skills, experience and diversity of perspectives thereby ensuring effective board governance. The Board has adopted the Policy on Board Diversity which sets out the approach to ensure Board diversity so as to enhance its effectiveness whilst discharging its fiduciary obligations towards its stakeholders.
- IV. The Board also comprises of nominees of the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI) and the Life Insurance Corporation of India (LIC), promoters of the Bank. The following Members constitute the Board:

1.	Dr. Sanjiv Misra	Non-Executive Chairman – Nominee of SUUTI
2.	Smt. Shikha Sharma	Managing Director & CEO
3.	Shri V. R. Kaundinya	Independent Non-Executive
4.	Shri Prasad R. Menon	Independent Non-Executive
5.	Prof. Samir K. Barua	Independent Non-Executive
6.	Shri Som Mittal	Independent Non-Executive
7.	Shri Rohit Bhagat	Independent Non-Executive
8.	Smt. Usha Sangwan	Non Executive - Nominee of LIC
9.	Shri S. Vishvanathan	Independent Non-Executive
10.	Shri Rakesh Makhija	Independent Non-Executive
11.	Smt. Ketaki Bhagwati	Independent Non-Executive
12.	Shri B. Babu Rao	Non Executive - Nominee of SUUTI
13.	Shri V. Srinivasan	Deputy Managing Director

The role of the Board is to provide effective guidance and oversight to the Management of the Bank so that it delivers enduring sustainable value, is fully compliant with extant laws and regulations, and functions in an ethical and efficient manner. The duties and responsibilities of the Board are as stipulated under the relevant provisions of the Companies Act, 2013, Rules made thereunder, Listing Regulations, Banking Regulation Act, 1949, Guidelines issued by RBI, from time to time and the Articles of Association of the Bank.

The responsibilities of the Board include overseeing the functioning of the Bank, monitoring legal, statutory compliance, internal controls and management of risks on the basis of information provided to it. The Board is also responsible for approving the strategic direction, plans and priorities of the Bank, monitoring corporate performance against strategic business plans, overseeing the Bank's operating results on a quarterly basis to evaluate whether the business is being properly managed, overseeing the Bank's Corporate Governance framework and supervising the succession planning process for its Directors and Senior Management.

Further, the Board deliberates on matters such as business strategy, risk, financial results, succession planning, compliance, customer service and human resources as covered under the critical themes prescribed by the RBI and such other items as deemed appropriate. The Board spends considerable time perusing the information provided to them which facilitates informed decision making and effective participation in the meetings of the Board, leading to higher board effectiveness. The Board oversees the actions and results of the Management to ensure that the long term objectives of enhancing shareholders value are met. The Directors have the discretion to engage external advisors.

In all, 5 meetings of the Board were held during the year 2015-16, i.e. on 29<sup>th</sup> April 2015, 24<sup>th</sup> July 2015, 20<sup>th</sup> August 2015, 27<sup>th</sup> October 2015 and 19<sup>th</sup> January 2016, which were spread over a period of 2 days. The gap between two Board meetings did not exceed 120 days and the average maximum gap between two Board meetings during the year was 96 days. The requisite quorum was present for all the Board meetings held during the year 2015-16.

The details of the Board meetings attended by the Directors, their attendance at the last Annual General Meeting (AGM), the number of Directorships and Memberships / Chairmanships in Committees held by them during the year 2015-16, are given below:

(As on 31<sup>st</sup> March 2016)

Name of the Director	Board Meetings attended during the year	Sitting fees (in ₹)	Attendance at last AGM (24 <sup>th</sup> July 2015)	Number of other directorships		Number of other committee memberships <sup>(2)</sup>
				of Indian public limited companies	of other companies <sup>(1)</sup>	
<b>Nominee Directors - SUUTI</b>						
Dr. Sanjiv Misra, Chairman (Re-appointed w.e.f. 11 <sup>th</sup> March 2016)	5/5	5,00,000	Yes	3	-	2 (1)
Shri K. N. Prithviraj <sup>®</sup> (Term expired w.e.f. close of business hours on 8 <sup>th</sup> January 2016)	3/4	3,00,000	Yes	-	-	-
Shri B. Babu Rao (Appointed w.e.f. 19 <sup>th</sup> January 2016)	1/1	1,00,000	NA	2	1	1
<b>Nominee Director – LIC</b>						
Smt. Usha Sangwan <sup>®</sup>	2/5	2,00,000	No	4	2	1
<b>Independent Directors</b>						
Shri V. R. Kaundinya	5/5	5,00,000	Yes	3	2	4 (1)
Shri Prasad R. Menon (Re-appointed w.e.f. 23 <sup>rd</sup> January 2016)	5/5	5,00,000	Yes	2	1	2 (1)
Prof. Samir K. Barua	5/5	5,00,000	Yes	5	-	4 (2)
Shri Som Mittal <sup>®</sup>	4/5	4,00,000	No	3	-	2 (1)
Smt. Ireena Vittal (Resigned w.e.f. 23 <sup>rd</sup> August 2015)	3/3	3,00,000	Yes	-	-	-
Shri Rohit Bhagat	5/5	5,00,000	Yes	-	1	-
Shri S. Vishvanathan	5/5	5,00,000	Yes	1	-	-

## CORPORATE GOVERNANCE (CONT.)

(As on 31<sup>st</sup> March 2016)

Name of the Director	Board Meetings attended during the year	Sitting fees (in ₹)	Attendance at last AGM (24 <sup>th</sup> July 2015)	Number of other directorships		Number of other committee memberships <sup>(2)</sup>
				of Indian public limited companies	of other companies <sup>(1)</sup>	
Shri Rakesh Makhija (Appointed w.e.f. 27 <sup>th</sup> October 2015)	2/2	2,00,000	NA	4	-	4
Smt. Ketaki Bhagwati (Appointed w.e.f. 19 <sup>th</sup> January 2016)	1/1	1,00,000	NA	-	-	-
<b>Managing Director / Whole Time Director</b>						
Smt. Shikha Sharma, Managing Director & CEO	5/5	---	Yes	2	-	-
Shri V. Srinivasan Deputy Managing Director (DMD) (Re-designated as the DMD of the Bank w.e.f. 21 <sup>st</sup> December 2015)	5/5	---	Yes	4	2	1
Shri Sanjeev Kumar Gupta (Retired w.e.f. the close of business hours on 18 <sup>th</sup> March 2016)	5/5	---	Yes	-	-	-

@ Leave of absence was granted to Shri K. N. Prithviraj, Smt. Usha Sangwan and Shri Som Mittal, who expressed their inability to attend the respective meetings.

- (1) Includes foreign companies, private limited companies and Section 8 companies.
- (2) Includes only memberships of the Audit Committee and Stakeholders Relationship Committee in public limited companies. Figures in brackets represent number of chairmanships of the said Committees.

### Notes:

- Section 165 of the Companies Act, 2013:
  - 1) None of the Directors of the Bank holds office of directorships in more than 20 companies. This includes alternate directorships, private limited companies and Section 8 companies.
  - 2) None of the Directors of the Bank holds office of directorships in more than 10 public limited companies. This includes directorship in private companies that are either holding or subsidiary company of a public company.
- Regulation 25 of the Listing Regulations:
  - 1) None of the Directors serve as an Independent Director in more than 7 listed companies.
  - 2) None of the Whole-Time Directors of the Bank serve as an Independent Director in any of the listed companies.
- Regulation 26 of the Listing Regulations:
 

None of the Directors of the Bank is a Member in more than 10 Committees or Chairperson in more than 5 Committees of Public Limited Companies. For the purpose of this regulation, only Chairmanship / Membership in Audit Committee and Stakeholders Relationship Committee have been considered.

The Directors of the Bank have given their declaration stating that they are in compliance with the applicable Acts, Rules and Regulations relating to annual disclosures.

## Board Meetings

### Schedules of Board meetings

The schedule of the meetings of the Board / Committees thereof and for the ensuing Annual General Meeting are circulated well in advance to the Members of the Board.

### Critical themes for review by the Board

The RBI vide its Circular no. DBR No. BC.93/29.67.001/2014-15 dated 14<sup>th</sup> May 2015 prescribed 'Seven Critical Themes' to be reviewed by the Board namely, business strategy, financial reports and their integrity, risk, compliance, customer protection, financial inclusion and human resources. The agenda items for Board meetings include matters forming part of the said critical themes, as stipulated by the RBI.

### Board agenda

The Board agenda is prepared by the Company Secretary of the Bank in consultation with the Chairman of the Board of Directors of the Bank.

The Board agenda and notes thereof are sent to the Directors well in advance to enable them to peruse and comprehend the matters to be dealt with or seek further information / clarification on the matters listed therein.

The Board agenda and notes are uploaded on the Bank's e-meeting portal wherein the Directors can review the same in a secure environment and at their convenience. The information relating to schedule of meetings, organization structure, events and conferences, announcements of material events and various articles about the Bank are also uploaded on the said e-meeting portal, for the ready reference of the Directors.

The Minutes of the Board are circulated to the Chairman for his review and approval and thereafter circulated to the other Members of the Board for their feedback and confirmation as per the Secretarial Standards on Board Meetings prescribed by the Institute of Company Secretaries of India.

In case of business exigencies or urgency of matters, resolutions are passed by the Board through circulation. Video conferencing facilities are also used to facilitate participation by the Directors who may be travelling or based temporarily at other locations at the time of the meeting.

## Committees of the Board

The business of the Board is also conducted through the Committees constituted by the Board to deal with specific matters as per delegated powers for different functional areas of the Bank.

The Board has constituted 12 Committees, viz., Committee of Directors, Audit Committee, Risk Management Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Special Committee of the Board of Directors for Monitoring of Large Value Frauds, Customer Service Committee, IT Strategy Committee, Review Committee, Acquisition, Divestment and Merger Committee and Committee of Whole-time Directors. The terms of reference of the said Committees, its composition and attendance of the members at the meetings of the said Committees, are detailed as under. Leave of absence was granted to those Members who expressed their inability to attend meetings of the concerned Committees.

The concerned Functional Heads of the Bank finalise the Agenda of the meetings of the Committees in consultation with the concerned Chairman. The Committees ensures that any feedback or observations made by them during the course of the meetings forms part of the Action Taken Report for their review at the ensuing meeting.

The Heads of the Internal Audit and Risk Departments directly report to the respective Committees though they administratively report to the Managing Director & CEO/ Executive Director of the Bank.

### (1) Committee of Directors

The Committee of Directors of the Board (Committee of Directors) comprises of majority of Independent Directors. The Members are Shri S. Vishvanathan, Independent Director (Chairman), Smt. Shikha Sharma, Managing Director & CEO, Shri Prasad R. Menon, Independent Director, Shri V. Srinivasan, Deputy Managing Director and Smt. Ketaki Bhagwati, Independent Director of the Bank.

## CORPORATE GOVERNANCE (CONT.)

The Committee of Directors functions with the following main objectives:

- i. To provide approvals for loans above certain stipulated limits, discuss strategic issues in relation to credit policy, and deliberate on the quality of the credit portfolio.
- ii. To monitor the exposures (both credit and investment) of the Bank.
- iii. To sanction expenditures above certain stipulated limits.
- iv. To approve expansion of the location of the Bank's Network of offices, branches, extension counters, ATMs and Currency chests.
- v. To review investment strategy and approve investment related proposals above certain limits.
- vi. To approve proposals relating to the Bank's operations covering all departments and business segments.
- vii. To ensure compliance with the statutory / regulatory framework, etc. and
- viii. To discuss issues relating to day to day affairs/problems and to take such steps as may be deemed necessary for the smooth functioning of the Bank (all routine matters other than the strategic matters and review of policies other than the strategic policies like credit policy, investment policy and other policies which the COD may consider necessary or RBI may specifically require to be reviewed by the Board).

Pursuant to the expiry of his term as the Non-Executive Director of the Bank, Shri K. N. Prithviraj relinquished membership of the Committee of Directors, with effect from the close of business hours on 8<sup>th</sup> January 2016. Upon the said cessation, Shri S. Vishvanathan was appointed as the Chairman of the Committee. The Committee was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Smt. Ketaki Bhagwati, Independent Director, as a Member. The tenure of Shri Sanjeev Kumar Gupta as a Member of the Committee of Directors ended pursuant to his retirement from the services of the Bank, with effect from the close of business hours on 18<sup>th</sup> March 2016.

In all, 10 meetings of the Committee of Directors were held during the year 2015-16 viz. on 26<sup>th</sup> May 2015, 5<sup>th</sup> August 2015, 7<sup>th</sup> September 2015, 23<sup>rd</sup> September 2015, 6<sup>th</sup> November 2015, 1<sup>st</sup> December 2015, 23<sup>rd</sup> December 2015, 2<sup>nd</sup> February 2016, 26<sup>th</sup> February 2016 and 17<sup>th</sup> March 2016. The details of the Committee of Directors meetings attended by the Members during the year 2015-16 are given below:

Name of the Members	Attendance	Sitting fees (in ₹)
Shri S. Vishvanathan	10/10	5,00,000
Shri K. N. Prithviraj (Term expired w.e.f. the close of business hours on 8 <sup>th</sup> January 2016)	7/7	3,50,000
Smt. Shikha Sharma @	8/10	-
Shri Prasad R. Menon	10/10	5,00,000
Shri V. Srinivasan	10/10	-
Smt. Ketaki Bhagwati (Appointed as Member w.e.f. 19 <sup>th</sup> January 2016) *	3/3	1,50,000
Shri Sanjeev Kumar Gupta (upto the close of business hours on 18 <sup>th</sup> March 2016) @	6/10	-

@ Leave of absence was granted to the concerned Members who expressed their inability to attend the respective meetings.

\* Participated in the meetings held on 26<sup>th</sup> February 2016 and 17<sup>th</sup> March 2016 through video conference.

### (2) Audit Committee

The Audit Committee of the Board of Directors of the Bank (Audit Committee) comprises entirely of Independent Directors. The Members are Prof. Samir K. Barua (Chairman), Shri V. R. Kaundinya, Shri S. Vishvanathan and Shri Rakesh Makhija, Independent Directors of the Bank. The Members of the Audit Committee are financially literate and have requisite accounting and financial management expertise.

Pursuant to the expiry of his term as a Non-Executive Director of the Bank, Shri K. N. Prithviraj relinquished membership of the Audit Committee, with effect from the close of business hours on 8<sup>th</sup> January 2016. The Audit Committee was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Shri Rakesh Makhija, Independent Director, as a Member.

The Audit Committee functions with the following main objectives:

- i. To provide direction and to oversee the operation of the audit function.
- ii. To review the internal audit system with special emphasis on its quality and effectiveness.
- iii. To review internal and concurrent audit reports of large branches with a focus on all major areas of housekeeping, particularly inter-branch adjustment accounts, arrears in the balancing of the books, un-reconciled entries in inter-bank accounts and frauds.
- iv. To discuss the matters related to frauds.
- v. To discuss and follow up for the audit observations relating to Long Form Audit Report.
- vi. To discuss and follow up for the observations relating to Inspection Report/Risk Assessment Report of the RBI.
- vii. To review the system of appointment of concurrent auditors and external auditors.
- viii. Oversight on the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ix. To recommend to the Board, the appointment, re-appointment, remuneration and terms of appointment of the auditors of the Bank.
- x. To approve payments to statutory auditors for any other services rendered by them.
- xi. To review, with the management, the annual financial statements and auditor's report thereon before submission to the Board for its approval with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement in the Board's report in terms of Section 134 (5) of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices, and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- xii. To review, with the management, the quarterly financial statements before submission to the Board for its approval.
- xiii. To review, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board for taking steps in the matter.
- xiv. To review with the management, performance and independence of statutory and internal auditors, adequacy of the internal control systems and effectiveness of audit process.
- xv. To obtain and review quarterly/half-yearly reports of the Compliance Officer appointed by the Bank, in terms of RBI instructions.

## **CORPORATE GOVERNANCE (CONT.)**

- xvi. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- xvii. To discuss with Chief Audit Executive/Internal Auditors any significant audit findings and follow up thereon.
- xviii. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- xix. To discuss with Statutory Auditors, before the commencement of audit, the nature and scope of audit as also conduct post-audit discussion to ascertain any area of concern.
- xx. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xxi. To review functioning of the Whistle Blower-cum-Vigil Mechanism.
- xxii. To approve the appointment of the Chief Financial Officer before finalization of the same by the management. The Audit Committee, while approving the appointment, shall assess the qualifications, experience and background, etc. of the candidate.
- xxiii. To review and note the appointment, removal and terms of remuneration of the Chief Audit Executive and/or any change in the incumbent Chief Audit Executive along with the reasons for such change.
- xxiv. Approval or any subsequent modification of transactions of the Bank with related parties.
- xxv. Scrutiny of inter-corporate loans and investments which are not in the ordinary course of business.
- xxvi. Evaluation of internal financial controls and risk management system.
- xxvii. Valuation of undertakings or assets of the company, wherever it is necessary.
- xxviii. Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

The Chief Audit Executive and the Chief Financial Officer of the Bank attends the meetings of the Audit Committee. The Chief Audit Executive of the Bank reports to the Audit Committee. Prof. Samir K. Barua, Chairman of the Audit Committee attended the Twenty First Annual General Meeting of the Shareholders of the Bank. The Company Secretary of the Bank acts as a secretary to the Audit Committee.

The Audit Committee discusses with the Statutory Auditors, the key highlights of the quarterly and annual financial results of the Bank, before recommending the same to the Board of Directors of the Bank for their approval. The representatives of the Statutory Auditors have attended all the meetings of Audit Committee held during the year for review of the financial results of the Bank.

The Audit Committee also discusses with the Statutory Auditors on matters connected with the financial results without the presence of any executives of the Bank.

In all, 15 meetings of the Audit Committee were held during the year 2015-16 viz. on 29<sup>th</sup> April 2015, 26<sup>th</sup> May 2015, 18<sup>th</sup> June 2015, 23<sup>rd</sup> July 2015, 5<sup>th</sup> August 2015, 2<sup>nd</sup> September 2015, 23<sup>rd</sup> September 2015, 8<sup>th</sup> October 2015, 27<sup>th</sup> October 2015, 1<sup>st</sup> December 2015, 18<sup>th</sup> December 2015, 18<sup>th</sup> January 2016, 20<sup>th</sup> January 2016, 25<sup>th</sup> February 2016 and 17<sup>th</sup> March 2016. The details of the Audit Committee meetings attended by the Members during the year 2015-16, are given below:

(in ₹)		
Name of the Members	Attendance	Sitting fees
Prof. Samir K. Barua	15/15	7,50,000
Shri K. N. Prithviraj (Term as Non-Executive Director expired on 8 <sup>th</sup> January 2016)	11/11	5,50,000
Shri V. R. Kaundinya @	12/15	6,00,000
Shri S. Vishvanathan	15/15	7,50,000
Shri Rakesh Makhija @ (inducted as Member on 19 <sup>th</sup> January 2016)	2/3	1,00,000

@ Leave of absence was granted to the concerned Members who expressed their inability to attend the respective meetings.

### (3) Risk Management Committee

The Risk Management Committee of the Board of Directors of the Bank (Risk Management Committee) comprises of majority of Independent Directors. The Members are Prof. Samir K. Barua, Independent Director (Chairman), Dr. Sanjiv Misra, Non-Executive Director, Smt. Shikha Sharma, Managing Director & CEO, Shri Rohit Bhagat and Smt. Ketaki Bhagwati, Independent Directors of the Bank.

Smt. Ireena Vittal relinquished membership of the Risk Management Committee pursuant to her resignation as an Independent Director of the Bank, with effect from 23<sup>rd</sup> August 2015. Pursuant to the expiry of his term as a Non-Executive Director of the Bank, Shri K. N. Prithviraj relinquished membership of the Risk Management Committee, with effect from the close of business hours on 8<sup>th</sup> January 2016. The Risk Management Committee was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Smt. Ketaki Bhagwati, Independent Director, as a Member.

The Risk Management Committee functions with the following main objectives:

- i. To perform the role of risk management in pursuance of the Risk Management Guidelines issued periodically by RBI and the Board.
- ii. To oversee and advise to the Board on:
  - Defining risk appetite, tolerance thereof and review the same, as appropriate.
  - Systems of risk management framework, internal control and compliance to identify, measure, aggregate, control and report key risks.
  - Alignment of business strategy with the Board's risk appetite; and
  - Maintenance and development of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact on the whole organisation of their actions and decisions.
- iii. To advise the Board on all high level risk matters.
- iv. To obtain regular risk management reports from management which enable the Committee to assess the risks involved in the Bank's business and how they are controlled and monitored by management, and give clear focus to current and forward-looking aspects of risk exposure.
- v. To review the effectiveness of the Bank's internal control and risk management framework, in relation to its core strategic objectives and to seek such assurance as may be appropriate.
- vi. To review the Asset Liability Management (ALM) of the Bank on a regular basis.
- vii. To consider any major regulatory issues that may have bearing on the risks and risk appetite of the Bank.
- viii. To provide to the Board with such additional assurance as it may require regarding the quality of risk information submitted to it.



## CORPORATE GOVERNANCE (CONT.)

- ix. To decide the policy and strategy for integrated risk management containing various risk exposures of the Bank including the credit, market, liquidity, operational and reputation risk; and
- x. To review risk return profile of the Bank, capital adequacy based on the risk profile of the Bank's balance sheet, Basel implementation, assessment of Pillar II risk under Internal Capital Adequacy Assessment Process (ICAAP), business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures.

The Chief Risk Officer (CRO) of the Bank oversees the risk management function, is responsible for developing and setting the risk management framework, developing and maintaining systems and processes to identify, approve, measure, monitor, control and report risks, developing risk controls and mitigation processes, ensuring adherence to the Risk Appetite established by the Board. The CRO of the Bank is independent of the business lines and is actively involved in key decision making processes.

In all, 5 meetings of the Risk Management Committee were held during the year 2015-16 viz. on 26<sup>th</sup> May 2015, 24<sup>th</sup> July 2015, 26<sup>th</sup> October 2015, 19<sup>th</sup> January 2016 and 23<sup>rd</sup> March 2016. The details of the Risk Management Committee meetings attended by the Members during the year 2015-16, are given below:

Name of the Members	Attendance	Sitting fees (in ₹)
Prof. Samir K. Barua	5/5	2,50,000
Dr. Sanjiv Misra <sup>@</sup>	4/5	2,00,000
Smt. Shikha Sharma <sup>@</sup>	4/5	-
Shri K. N. Prithviraj (Term expired w.e.f. the close of business hours on 8 <sup>th</sup> January 2016)	3/3	1,50,000
Shri Rohit Bhagat <sup>@</sup> *	4/5	2,00,000
Smt. Ireena Vittal (resigned w.e.f. 23 <sup>rd</sup> August 2015)	2/2	1,00,000
Smt. Ketaki Bhagwati (Appointed as Member w.e.f. 19 <sup>th</sup> January 2016)	1/1	50,000

<sup>@</sup> Leave of absence was granted to the concerned Members who expressed their inability to attend the respective meetings.

\* Participated in the meeting held on 26<sup>th</sup> May 2015 through video conference.

#### (4) Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Board of Directors of the Bank (Stakeholders Relationship Committee) comprises of majority of Non-Executive Directors. The Members are Shri V. R. Kaundinya, Independent Director (Chairman), Shri V Srinivasan, Deputy Managing Director and Shri B. Babu Rao, Non-Executive Director of the Bank.

The Stakeholders Relationship Committee was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Shri B. Babu Rao, Non-Executive Director, as a Member.

The tenure of Shri Sanjeev Kumar Gupta as a Member of the Stakeholders Relationship Committee ended pursuant to his retirement from the services of the Bank, with effect from close of business hours on 18<sup>th</sup> March 2016.

Shri V. R. Kaundinya, Chairman of the Stakeholders Relationship Committee attended the Twenty First Annual General Meeting of the Shareholders of the Bank. The Company Secretary of the Bank is the Compliance Officer for SEBI/ Stock Exchange related issues, in terms of Regulation 6 of the Listing Regulations.

The primary objective of the Stakeholders Relationship Committee is to look into the redressal of grievances of security holders of the Bank, inter alia relating to non-receipt of dividend/interest, refund order/redemption, transfer/transmission of shares, non-receipt of annual report and other grievances.

In all, 3 meetings of the Stakeholders Relationship Committee were held during the year 2015-16 viz. on 18<sup>th</sup> June 2015, 14<sup>th</sup> October 2015 and 14<sup>th</sup> January 2016. The details of the Stakeholders Relationship Committee meetings attended by the Members during the year 2015-16, are given below:

Name of the Members	Attendance	Sitting fees (in ₹)
Shri V. R. Kaundinya *	3/3	1,50,000
Shri B. Babu Rao (Appointed as Member w.e.f. 19 <sup>th</sup> January 2016)	0/0	-
Shri V. Srinivasan	3/3	-
Shri Sanjeev Kumar Gupta (upto the close of business hours on 18 <sup>th</sup> March 2016)	3/3	-

\* Participated in the meeting held on 14<sup>th</sup> January 2016 through video conference.

## (5) **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of the Board of Directors of the Bank (Nomination and Remuneration Committee) comprises entirely of Independent Directors. The Members are Shri Prasad R. Menon (Chairman), Shri V. R. Kaundinya, Prof. Samir K. Barua and Shri Rohit Bhagat.

The Committee was re-constituted by the Board at its meeting held on 24<sup>th</sup> July 2015 by inducting Shri Rohit Bhagat, Independent Director, as a Member.

Pursuant to the expiry of his term as a Non-Executive Director of the Bank, Shri K. N. Prithviraj relinquished membership of the Nomination and Remuneration Committee, with effect from the close of business hours on 8<sup>th</sup> January 2016.

Shri Prasad R. Menon, Chairman of the Nomination & Remuneration Committee attended the Twenty First Annual General Meeting of the Shareholders of the Bank.

The Nomination and Remuneration Committee functions with the following objectives:

### **For Nomination/Governance matters**

To review the structure, size, composition, diversity of the Board and make necessary recommendations to the Board with regard to any changes as necessary and formulation of policy thereon.

- i. To evaluate the skills that exist and those that are absent but needed at the Board level and search for appropriate candidates who have the profile to provide such skill sets.
- ii. To examine vacancies that will come up at the Board on account of retirement or otherwise and suggest course of action.
- iii. To advise criteria for evaluation of Independent Directors and the Board and carry out evaluation of every directors' performance.
- iv. To undertake a process of due diligence to determine the suitability of any person for appointment/ continuing to hold appointment as a Director on the Board, based upon qualification, expertise, track record, integrity other 'fit and proper' criteria, positive attributes and independence (if applicable) and formulate the criteria relating thereto.
- v. To review the composition of Committees of the Board and identify and recommend to the Board of Directors who can best serve as members of each Board Committee.

### **For Remuneration/HR matters**

- i. To review and recommend to the Board for approval, the appointment of Managing Director & CEO and the other Whole Time Directors of the Bank and the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors and Key Managerial Personnel), the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & Chief Executive Officer (MD & CEO), other Whole Time Directors and Senior Managers one level below the Board.
- ii. To review and recommend for the approval of the Board the total increase in manpower cost budget of the Bank at an aggregate level, for the next year.
- iii. To recommend to the Board the compensation payable to the Chairman of the Bank.
- iv. To review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank as well as any fundamental changes in organisation structure which could have wide ranging or high risk implications.
- v. To review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other Whole Time Directors, Senior Managers one level below the Board and other key roles and their progression to the Board.

## CORPORATE GOVERNANCE (CONT.)

- vi. To review and recommend to the Board for approval:
  - The creation of new positions one level below MD & CEO
  - Appointments, promotions and exits of Senior Managers one level below the MD & CEO
- vii. To set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, the other Whole Time Directors for the financial year and over the medium to long term.
- viii. To review the performance of the MD & CEO and the other Whole Time Directors at the end of each year.
- ix. To review organisation health through feedback from employee surveys conducted on a regular basis.
- x. To perform such other duties as may be required to be done under any law, statute, rules, regulations, etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

In all, 7 meetings of the Nomination and Remuneration Committee were held during the year 2015-16 viz. on 28<sup>th</sup> April 2015, 24<sup>th</sup> July 2015, 10<sup>th</sup> September 2015, 8<sup>th</sup> October 2015, 26<sup>th</sup> October 2015, 19<sup>th</sup> January 2016 and 23<sup>rd</sup> March 2016. The details of the Nomination and Remuneration Committee meetings attended by the Members during the year 2015-16, are given below:

Name of the Members	Attendance	Sitting fees (in ₹)
Shri Prasad R. Menon	7/7	3,50,000
Shri V. R. Kaundinya <sup>@</sup>	6/7	3,00,000
Prof. Samir K. Barua	7/7	3,50,000
Shri Rohit Bhagat (appointed as Member w.e.f. 24 <sup>th</sup> July 2015)* <sup>@</sup>	5/6	2,50,000
Shri K. N. Prithviraj (Term expired w.e.f. the close of business hours on 8 <sup>th</sup> January 2016)	5/5	2,50,000

<sup>@</sup> Leave of absence was granted to the concerned Members who expressed their inability to attend the respective meetings.

\* Participated in the meetings held on 10<sup>th</sup> September 2015 and 8<sup>th</sup> October 2015 through video conference.

### (6) Special Committee of the Board of Directors for Monitoring of Large Value Frauds

The Special Committee of the Board of Directors for Monitoring of Large Value Frauds of the Bank (Special Committee for Monitoring of Large Value Frauds) comprises of majority of Non-Executive Directors (including 2 Independent Directors). The Members are Smt. Shikha Sharma, Managing Director & CEO (Chairperson), Shri V. R. Kaundinya and Prof. Samir K. Barua, Independent Directors, Smt. Usha Sangwan, Non-Executive Director and Shri V Srinivasan, Deputy Managing Director of the Bank.

The Special Committee for Monitoring of Large Value Frauds was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Shri V. Srinivasan, Deputy Managing Director, as a Member.

The tenure of Shri Sanjeev Kumar Gupta as a Member of the Special Committee for Monitoring of Large Value Frauds ended pursuant to his retirement from the services of the Bank, with effect from the close of business hours on 18<sup>th</sup> March 2016.

The major functions of the Special Committee for Monitoring of Large Value Frauds are to monitor and review all the frauds of ₹1 crores and above, so as to:

- i. To identify the systemic lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same.
- ii. To identify the reasons for delay, if any, in detection and reporting of frauds to top management of the Bank and RBI.

- iii. To monitor progress of CBI/Police investigation and recovery position.
- iv. To ensure that staff accountability is examined at all levels in all the cases of frauds and staff related action, if required, is completed quickly without loss of time.
- v. To review the efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls; and
- vi. To put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

In all, 4 meetings of Special Committee for Monitoring of Large Value Frauds were held during the year 2015-16 viz. on 18<sup>th</sup> June 2015, 23<sup>rd</sup> September 2015, 18<sup>th</sup> December 2015 and 17<sup>th</sup> March 2016. The details of the Special Committee for Monitoring of Large Value Frauds meetings attended by the Members during the year 2015-16, are given below:

Name of the Members	(in ₹)	
	Attendance	Sitting fees
Smt. Shikha Sharma	4/4	-
Shri V. R. Kaundinya <sup>@</sup>	3/4	1,50,000
Prof. Samir K. Barua	4/4	2,00,000
Smt. Usha Sangwan	4/4	2,00,000
Shri. Sanjeev Kumar Gupta (upto the close of business hours on 18 <sup>th</sup> March 2016) <sup>@</sup>	3/4	-
Shri V. Srinivasan (Appointed as Member w.e.f. 19 <sup>th</sup> January 2016)	1/1	-

<sup>@</sup> Leave of absence was granted to the concerned Members who expressed their inability to attend the respective meetings.

#### (7) Customer Service Committee

The Customer Service Committee of the Board of Directors of the Bank (Customer Service Committee) comprises of majority of Non-Executive Directors (including 2 Independent Directors). The Members are Shri Som Mittal, Independent Director (Chairman), Smt. Shikha Sharma, Managing Director & CEO, Prof. Samir K. Barua, Independent Director and Shri B. Babu Rao, Non-Executive Director.

Smt. Ireena Vittal relinquished Membership of the Customer Service Committee pursuant to her resignation as an Independent Director of the Bank, with effect from 23<sup>rd</sup> August 2015.

On 13<sup>th</sup> October 2015, Shri Som Mittal was appointed as the Chairman of the Customer Service Committee.

The Customer Service Committee was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Shri B. Babu Rao, Non-Executive Director of the Bank, as a Member.

The Customer Service Committee functions with the following main objectives:

- i. To oversee the functioning of the Bank's internal committee set-up for customer service.
- ii. To review the level of customer service in the Bank including customer complaints and the nature of their resolution.
- iii. To provide guidance in improving the customer service level.
- iv. To review any award by the Banking Ombudsman to any customer on a complaint filed with the Ombudsman.
- v. To ensure that the Bank provides and continues to provide, best-in-class service across all its category of customers which will help the Bank in protecting and growing its brand equity.
- vi. The Committee could address the formulation of a Comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor for operations of his/her account, the product approval process, the annual survey of depositor satisfaction and the triennial audit of such services.
- vii. To examine any other issues having a bearing on the quality of customer service rendered.

## CORPORATE GOVERNANCE (CONT.)

- viii. To ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.

In all, 4 meetings of the Customer Service Committee were held during the year 2015-16 viz. on 30<sup>th</sup> April 2015, 25<sup>th</sup> July 2015, 26<sup>th</sup> October 2015 and 20<sup>th</sup> January 2016. The details of the Customer Service Committee meetings attended by the Members during the year 2015-16, are given below:

(in ₹)		
Name of the Members	Attendance	Sitting fees
Shri Som Mittal (appointed as Chairman w.e.f. 13 <sup>th</sup> October 2015)	2/2	1,00,000
Smt. Shikha Sharma	4/4	-
Prof. Samir K. Barua	4/4	2,00,000
Shri B. Babu Rao (appointed as Member w.e.f. 19 <sup>th</sup> January 2016)	1/1	50,000
Smt. Ireena Vittal (resigned w.e.f. 23 <sup>rd</sup> August 2015)	2/2	1,00,000

### (8) IT Strategy Committee

The IT Strategy Committee of the Board of Directors of the Bank (IT Strategy Committee) comprises of 2 Independent Directors and 2 Whole Time Directors. The Members are Shri Som Mittal, Independent Director (Chairman), Shri Prasad R. Menon, Independent Director, Smt. Shikha Sharma, Managing Director & CEO and Shri V. Srinivasan, Deputy Managing Director of the Bank.

The IT Strategy Committee was re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Shri V. Srinivasan, Deputy Managing Director, as a Member.

The tenure of Shri Sanjeev Kumar Gupta as a Member of the IT Strategy Committee ended pursuant to his retirement from the services of the Bank, with effect from the close of business hours on 18<sup>th</sup> March 2016.

The IT Strategy Committee functions with the following main objectives:

- i. To approve IT strategy and policies.
- ii. To ensure that management has an effective strategic planning process in place.
- iii. To ensure that the business strategy is aligned with the IT strategy.
- iv. To ensure that the IT organizational structure serves business requirements and direction.
- v. Oversight over implementation of processes and practices that ensures IT delivers value to businesses.
- vi. To monitor the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing, and use of IT resources.
- vii. To ensure proper balance of IT investments for sustaining the Bank's growth.
- viii. To assess exposure to IT risks and its controls, and evaluating effectiveness of management's monitoring of IT risks.
- ix. To assess management's performance in implementing IT strategies.
- x. To assess if IT architecture has been designed to derive maximum business value.
- xi. To review IT performance measurement and contribution to businesses.
- xii. To approve capital and revenue expenditure in respect of IT procurements.

In all, 4 meetings of IT Strategy Committee were held during the year 2015-16 viz. on 9<sup>th</sup> June 2015, 16<sup>th</sup> September 2015, 16<sup>th</sup> December 2015 and 18<sup>th</sup> March 2016. The details of the IT Strategy Committee meetings attended by the Members during the year 2015-16, are given below:

(in ₹)		
Name of the Members	Attendance	Sitting fees
Shri Som Mittal	4/4	2,00,000
Shri Prasad R. Menon <sup>@</sup>	3/4	1,50,000
Smt. Shikha Sharma	4/4	-
Shri V. Srinivasan (appointed as Member w.e.f. 19 <sup>th</sup> January 2016)	1/1	-
Shri Sanjeev Kumar Gupta (upto the close of business hours on 18 <sup>th</sup> March 2016)	4/4	-

<sup>@</sup> Leave of absence was granted to the concerned Member who expressed his inability to attend the respective meeting.

**(9) Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee of the Board of Directors of the Bank (CSR Committee) comprises of two Non-Executive Directors. The Members are Shri Som Mittal, Independent Director (Chairman), Smt. Usha Sangwan, Non-Executive Director and Shri V. Srinivasan, Deputy Managing Director of the Bank.

The CSR Committee functions with the following main objectives:

- i. To formulate and recommend to the Board, the Corporate Social Responsibility (CSR) strategy of the Bank including the CSR Policy and its implementation such that the Bank's social, environmental and economic activities are aligned.
- ii. To formulate and recommend to the Board, the CSR activities to be undertaken by the Bank either directly or through Axis Bank Foundation and determining the CSR projects/programmes which the Bank plans to undertake during the year of implementation, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.
- iii. To recommend the amount of expenditure to be incurred on the CSR activities.
- iv. To review and monitor the compliance of initiatives undertaken and evaluate performance of the activities against the agreed targets.
- v. To conduct an impact-assessment of the various initiatives undertaken in terms of the CSR Policy at periodic intervals.
- vi. To institute a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/ activities proposed to be undertaken by the Bank.
- vii. To review and recommend the annual CSR report for the Board's approval and for public disclosure.
- viii. To perform such other duties with respect to CSR activities, as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

The details of the CSR activities undertaken by the Bank during the year under review have been provided in annexure to the Directors' report.

In all, 2 meetings of CSR Committee were held during the year 2015-16 viz. on 24<sup>th</sup> April 2015 and 16<sup>th</sup> September 2015. The details of the CSR Committee meetings attended by the Members during the year 2015-16, are given below:

Name of the Members	Attendance	Sitting fees (in ₹)
Shri Som Mittal	2/2	1,00,000
Smt. Usha Sangwan <sup>@</sup>	1/2	50,000
Shri V. Srinivasan	2/2	-

<sup>@</sup> Leave of absence was granted to the concerned Member who expressed her inability to attend the meeting.

**(10) Review Committee (erstwhile Grievance Redressal Committee)**

The Review Committee of the Board of Directors of the Bank (Review Committee) comprises of majority of Independent Directors. The Members are Smt. Shikha Sharma, Managing Director & CEO (Chairperson), Shri V. R. Kaundinya and Shri S. Vishvanathan, Independent Directors of the Bank. The nomenclature of the Committee was changed to Review Committee, with effect from 24<sup>th</sup> July 2015.

The Review Committee functions with the following main objectives:

- i. To review and confirm the decisions of the Committee headed by Executive Director, classifying a borrower as Willful Defaulter.

## CORPORATE GOVERNANCE (CONT.)

- ii. To review and confirm the decisions of the Committee headed by Executive Director, classifying a borrower as Non-cooperative borrower.

In all, 2 meetings of Review Committee were held during the year 2015-16 viz. on 23<sup>rd</sup> June 2015 and 16<sup>th</sup> March 2016. The details of the Review Committee meetings attended by the Members during the year 2015-16, are given below:

(in ₹)		
Name of the Members	Attendance	Sitting fees
Smt. Shikha Sharma	2/2	-
Shri V. R. Kaundinya	2/2	1,00,000
Shri S. Vishvanathan *	2/2	1,00,000

\* Participated in the meeting held on 23<sup>rd</sup> June 2015 through video conference.

### (11) Acquisitions, Divestments and Mergers Committee

The Acquisitions, Divestments and Mergers Committee of the Board of Directors of the Bank (ADAM Committee) comprises of majority of Independent Directors. The Members are Shri Prasad R Menon, Independent Director (Chairman), Smt. Shikha Sharma, Managing Director & CEO, Shri Rohit Bhagat and Shri Rakesh Makhija, Independent Directors of the Bank.

Smt. Ireena Vittal relinquished Membership of the Committee pursuant to her resignation as an Independent Director of the Bank, with effect from 23<sup>rd</sup> August 2015. The ADAM Committee was re-constituted by the Board at its meeting held on 27<sup>th</sup> October 2015 by inducting Shri Rohit Bhagat, Independent Director, as a Member. The ADAM Committee was further re-constituted by the Board at its meeting held on 19<sup>th</sup> January 2016 by inducting Shri Rakesh Makhija, Independent Director, as a Member.

The main function of the ADAM Committee is to discuss and consider any proposals for merger and acquisition. This Committee also considers and give its in-principle approval for acquisition of greater than 25% stake in a company, acquisition of stake in a company where the proportion is 25% or lower but where the Bank intends to have management participation, strategic divestments - sale of an existing business of the Bank, acquisition of business – business takeover/acquisition as distinct from portfolio or asset purchase and sale of stake (including minority stake) in strategic investments/ subsidiaries.

No meeting of the ADAM Committee was held during the year under review.

### (12) Committee of Whole-Time Directors

The Committee of Whole-Time Directors of the Board of Directors of the Bank (Committee of Whole-Time Directors) comprises of Smt. Shikha Sharma, Managing Director & CEO (Chairperson) and Shri V Srinivasan, Deputy Managing Director of the Bank.

The tenure of Shri Sanjeev Kumar Gupta as a Member of the Committee of Whole-Time Directors ended pursuant to his retirement from the services of the Bank, with effect from close of business hours on 18<sup>th</sup> March 2016.

The Committee of Whole-Time Directors exercises powers delegated to it by the Board, for managing the affairs of the Bank, to review and exercising control of various operational areas such as treasury, branch banking etc., and for ensuring speedy disposal of matters requiring immediate approval.

In all, 8 meetings of Committee of Whole-Time Directors were held during the year 2015-16 viz. on 30<sup>th</sup> April 2015, 18<sup>th</sup> June 2015, 28<sup>th</sup> July 2015, 31<sup>st</sup> August 2015, 28<sup>th</sup> October 2015, 23<sup>rd</sup> December 2015, 28<sup>th</sup> January 2016 and 4<sup>th</sup> March 2016. No sitting fees are paid to the Members of the Committee of Whole-Time Directors.

### Special Meeting of Independent Directors

The Independent Directors of the Bank met on 18<sup>th</sup> January 2016 without the presence of the Managing Director & CEO, the Whole-time Directors, the Non-Independent Directors and the Senior Management of the Bank. The Independent Directors amongst themselves elected Shri V. R. Kaundinya as the Chairman for the said meeting.

All the Independent Directors attended the said meeting in person. The Independent Directors of the Bank reviewed the performance of Non-Independent Directors and the Board as a whole and of the Chairman of the Bank, taking into account the views of the Executive and Non-Executive Directors. The Independent Directors also assessed the quality, quantity and timeliness of flow of information between the Management and the Board and its Committee's which is necessary to effectively and reasonably perform and discharge their duties.

The Chairman of the said meeting, conveyed the recommendations of the Independent Directors to the Management of the Bank for the necessary action. No sitting fee was paid for the said meeting.

### Remuneration Policy

The Bank has formulated and adopted the Remuneration Policy for the Directors, Key Managerial Personnel and other Employees of the Bank, in terms of Section 178 of the Companies Act, 2013, Rules made thereunder, Regulation 19 of the Listing Regulations and Guidelines issued by the RBI, in this regard, from time to time.

The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure that both internal and external equity are in line with the emerging market trends.

The Bank strives to ensure that the compensation systems are in line with the emerging compensation regulations as applicable.

### Remuneration of Directors

- i. Dr. Sanjiv Misra was appointed as the Non-Executive Chairman of the Bank for a period of 3 years with effect from 8<sup>th</sup> March 2013. The details of remuneration paid to Dr. Sanjiv Misra for the period 1<sup>st</sup> April 2015 upto 7<sup>th</sup> March 2016, in terms of the approval granted by the RBI, the Shareholders of the Bank, are as under:

Particulars	Amount
Remuneration	: ₹27,50,000 per annum
Company Car	: Free use of Bank's car for official and private purposes
Touring	: Travelling and official expenses to be borne by the Bank for Board functions as a Chairman
Sitting fees	: As payable to other Non-Executive Directors

The term of Dr. Sanjiv Misra as the Non-Executive Chairman of the Bank expired on 7<sup>th</sup> March 2016. In terms of the letter dated 8<sup>th</sup> March 2016 received from the Administrator of the Specified Undertaking of Unit Trust of India (SUUTI), the Board of Directors of the Bank on 10<sup>th</sup> March 2016, approved the re-appointment of Dr. Sanjiv Misra as the Non-Executive Chairman of the Board, for a period of three months, with effect from 8<sup>th</sup> March 2016, on the following terms and conditions, subject to the approval of the RBI and the Shareholders of the Bank.

Particulars	Amount
Remuneration	: ₹2,29,166 per month
Company Car	: Free use of Bank's car for official and private purposes
Touring	: Travelling and official expenses to be borne by the Bank for Board functions as a Chairman
Sitting fees	: As payable to other Non-Executive Directors

- ii. Smt. Shikha Sharma was re-appointed as the Managing Director & CEO of the Bank, for a period of three years, w.e.f. 1<sup>st</sup> June 2015. The Bank revised the remuneration of Smt. Shikha Sharma as the Managing Director & CEO of the Bank during the year and has received the approval of RBI and the Shareholders of the Bank for the same. The details of remuneration paid to Smt. Shikha Sharma during the year under review are given below in sub-para vii.

Smt. Shikha Sharma was granted 64,00,000 options in various tranches under the various Employee Stock Option Schemes of the Bank, since 1<sup>st</sup> June 2009 being the date of her appointment as the Managing Director & CEO of the Bank. Out of the above, 43,12,500 options have been vested, 21,75,000 options have been exercised and the balance 21,37,500 options remain unexercised, as on 31<sup>st</sup> March 2016. Further, 20,87,500 options remain unvested, as on 31<sup>st</sup> March 2016.



## CORPORATE GOVERNANCE (CONT.)

- iii. The Board of Directors of the Bank at its meeting held on 24<sup>th</sup> July 2015 had approved the re-appointment of Shri V. Srinivasan as the Executive Director & Head (Corporate Banking) of the Bank, for a period of three years, with effect from 15<sup>th</sup> October 2015, subject to the approval of the RBI and the Shareholders of the Bank.

Thereafter, the Board of Directors of the Bank at its meeting held on 27<sup>th</sup> October 2015 re-designated Shri V. Srinivasan as the Deputy Managing Director of the Bank, on the existing terms and conditions. The RBI approved the re-designation of Shri V. Srinivasan as the Deputy Managing Director of the Bank, for a period of three years, with effect from 21<sup>st</sup> December 2015 and the terms and conditions thereof. The approval of the Shareholders of the Bank for the same will be obtained at the 22<sup>nd</sup> Annual General Meeting.

The details of remuneration paid to Shri V. Srinivasan during the year under review are given below in sub-para vii.

Shri V. Srinivasan was granted 30,75,000 options, in various tranches under the various Employee Stock Option Schemes of the Bank, since 7<sup>th</sup> September 2009 being the date of his appointment as the Executive Director & Head (Corporate Banking) of the Bank. Out of the above, 19,37,500 options have been vested, 9,82,500 options have been exercised and the balance 9,55,000 options remain unexercised, as on 31<sup>st</sup> March 2016. Further, 11,37,500 options remain unvested, as on 31<sup>st</sup> March 2016.

- iv. Shri Sanjeev Kumar Gupta, Executive Director (Corporate Centre) of the Bank had retired from the services of the Bank, with effect from the close of business hours on 18<sup>th</sup> March 2016. The details of remuneration paid to Shri Sanjeev Kumar Gupta during the period under review are given below in sub-para vii.

Shri Sanjeev K. Gupta was granted 18,40,250 options, in various tranches under the various Employee Stock Option Schemes of the Bank, since 24<sup>th</sup> February 2001. Out of the above, 10,37,750 options have been vested and duly exercised by him, as on 31<sup>st</sup> March 2016. Further, 8,02,500 options remain unvested, as on 31<sup>st</sup> March 2016.

- v. The Bank does not grant Stock Options to its Non-Executive Directors. They are eligible to receive sitting fees for the meetings of the Board / Committees, attended by them and profit linked commission, in terms of the RBI circular dated 1<sup>st</sup> June 2015 on payment of compensation to Non-Executive Directors (other than Non-Executive Chairman) of Private Sector Banks.
- vi. The Whole-Time Directors of the Bank are not entitled to receive any remuneration from its subsidiary companies.
- vii. The details of remuneration paid to the Whole-Time Directors of the Bank during the financial year 2015-16, are as under:

	(in ₹)		
	Smt. Shikha Sharma	Shri V. Srinivasan	Shri Sanjeev Kumar Gupta
<b>For the Period</b>	<b>1.4.2015 to 31.3.2016</b>	<b>1.4.2015 to 31.3.2016</b>	<b>1.4.2015 to 18.3.2016</b>
Salary (Basic)	2,51,40,996	1,73,06,426	1,04,45,985
Fixed Allowance	-	-	-
Leave Fare Concession facility	1,32,916	5,49,996	-
House Rent Allowance	83,92,818	42,33,336	40,79,572
Variable pay	1,12,58,155	89,61,455	33,16,479
Leave Travel Allowance	12,26,500	-	5,30,464
Superannuation Allowance	-	17,30,641	8,94,601
Medical Reimbursement/Allowance	-	1,36,013	-
Medical through Voucher	92,696	-	9,12,687
Perks (excluding ESOP)	24,79,109	40,692	2,71,358
Furnishing Reimbursement /Allowance	20,00,000	41,370	12,00,000
Utility Reimbursement/Allowance	89,676	2,79,121	32,530
Utility through Voucher	2,77,823	95,484	-
Superannuation/ Allowance	10% of Basic Pay (Provision mode)	Cash Out	10% of Basic Pay (Provision mode)
Provident Fund (Bank Contribution)	30,16,920	20,76,771	12,53,518
Gratuity	-	-	1,98,60,990

Perquisites (evaluated as per Income Tax Rules, 1962, wherever applicable, or otherwise at actual cost to the Bank) such as the benefit of the Bank's furnished accommodation, electricity, water and furnishings, club fees, personal accident insurance, loans, use of car and telephone at residence, leave encashment, medical reimbursement, travelling and halting allowances, newspapers and periodicals, and others were provided in accordance with the Rules of the Bank. The Bank does not pay any severance fees to its Managing Director or to its Whole-Time Directors. The tenure of the office of the Managing Director & CEO and the Whole-time Directors of the Bank is three years from their date of appointment, and can be terminated by either party by giving three months' notice in writing.

- viii. All the Non-Whole-Time Directors of the Bank were paid sitting fees of ₹1,00,000 for every meeting of the Board and ₹50,000 for every meeting of the Committees of Board of Directors, attended by them. During the year 2015-16, an amount aggregating to ₹1,31,50,000 was paid to the Non-Whole-Time Directors of the Bank, towards sittings fees in respect of the meetings of the Board/ Committees thereof attended by them, detailed as under.

Name of Director	Sitting Fees
Dr. Sanjiv Misra	7,00,000
Shri K. N. Prithviraj (ceased to be a Director w.e.f. the close of business hours on 8 <sup>th</sup> January 2016)	16,00,000
Shri V. R. Kaundinya	18,00,000
Shri Prasad R. Menon	15,00,000
Prof. Samir K. Barua	22,50,000
Shri Som Mittal	8,00,000
Smt. Ireena Vittal (resigned as Director w.e.f. 23 <sup>rd</sup> August 2015)	5,00,000
Shri Rohit Bhagat	9,50,000
Smt. Usha Sangwan	4,50,000
Shri S. Vishvanathan	18,50,000
Shri Rakesh Makhija (appointed as Independent Director w.e.f. 27 <sup>th</sup> October 2015)	3,00,000
Smt. Ketaki Bhagwati (appointed as Independent Director w.e.f. 19 <sup>th</sup> January 2016)	3,00,000
Shri B. Babu Rao (appointed as Non-Executive Director w.e.f. 19 <sup>th</sup> January 2016)	1,50,000
<b>Total</b>	<b>1,31,50,000</b>

None of the Non-Whole-Time -Directors of the Bank holds any equity shares of the Bank as on 31<sup>st</sup> March 2016, except for Shri V. R. Kaundinya and his relatives, who holds 14,200 equity shares of ₹ 2 each of the Bank.

### Evaluation of Board's Performance

The performance evaluation of the Board as a whole as well as that of its Committees, Independent Directors and Non Independent Directors including Chairman of the Board was done in accordance with the relevant provisions of the Companies Act, 2013 and the Listing Regulations.

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board had adopted a formal mechanism for evaluating the performance of its Committees, Independent Directors, Non Independent Directors and the Chairman of the Board. The evaluation was conducted on the various aspects of the Board's functioning such as Strategic alignment and direction, Engagement alignment, Composition & structure, Dynamics & culture, Ethics & corporate citizenship, Board support, Performance of all Committees, Self evaluation and Attendance.

The Bank had engaged the services of an external agency for setting the methodology and determining the process of evaluation and advising the Board on the measures pursuant to outcome of such evaluation.

The Board of Directors of the Bank were satisfied with the evaluation results, which reflected the overall engagement and effectiveness of the Board and that of its Committees.

### Familiarisation Programme for Independent Directors

The Bank has conducted the familiarisation programme for its Independent Directors covering the matters as specified under Regulation 25 (7) of the Listing Regulations. The details of the same have been hosted on the website of the Bank at <http://www.axisbank.com/investor-corner/corporate-governance.aspx>.

## CORPORATE GOVERNANCE (CONT.)

The new Directors are inducted through one to one meetings with the Managing Director & CEO, Whole-time Directors and Group Executives and they are also briefed by the Senior Management on issues relating to business strategy, regulatory environment, business plans and key performance indicators. The new Directors are also provided with information relating to the finances and operations of the Bank, the organization structure and their roles, duties and responsibilities.

On appointment, the Independent Directors are issued a Letter of Appointment setting out the terms and conditions relating to their appointment and their duties and responsibilities under applicable laws.

### **Disclosure in terms of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Bank has formulated and adopted a policy on prevention of sexual harassment at workplace and takes all necessary measures to ensure a harassment-free workplace and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment. The Bank believes that all employees, including other individuals who are dealing with the Bank have the right to be treated with dignity.

The following is a summary of sexual harassment complaints received and disposed off during the Financial Year 2015-16:

- (a) Number of complaints of sexual harassment received during the year - **32**
- (b) Number of complaints disposed off during the year – **32**
- (c) Number of cases pending for more than 90 days – **NIL**
- (d) Number of workshops/awareness programme against sexual harassment carried out – **2**

Nature of action taken by the Employer or District Officer – 1 employee has been issued warning letter and 2 employees have separated.

The Committee takes appropriate action against the employees who have violated the norms prescribed under the Policy, which includes disciplinary action such as warning letter and in some cases termination of employment depending upon the gravity of violation.

### **Whistleblower Policy & Vigil Mechanism**

A central tenet in the Bank's Policy on Corporate Governance is commitment to ethics, integrity, accountability and transparency. To ensure that the highest standards are maintained in these aspects on an on-going basis and to provide safeguards to various stakeholders, the Bank has formulated a Whistleblower Policy and Vigil Mechanism which is in compliance with the relevant provisions of Section 177(9) of the Companies Act, 2013, Rules made thereunder and Regulation 4(2)(d) of the Listing Regulations. The Policy provides an opportunity to address serious concerns arising from irregularities, malpractices and other misdemeanors committed by the Bank's personnel by approaching a Committee set-up for the purpose (known as the Whistleblower Committee). In case, Senior Management commits an offence, the Policy enables the Bank's staff to report the concerns directly to the Chairman of the Audit Committee of the Board. The Policy is intended to encourage reporting of suspected or actual occurrence of illegal, unethical or inappropriate actions, behaviour or practices by staff without fear of retribution. This Policy can be used regularly as a tool to voice concerns on irregularities, malpractices and other misdemeanors. To ensure smooth flow and management of complaints under Whistleblower Policy, a web-based application - 'Corporate Whistleblower' has been set up which also provides an option for anonymous reporting thereby enabling lodging of complaints online over a secure platform without fear of revelation of identity. This would create a business culture of honesty, integrity and compliance and would encourage speaking up so that preventive action is initiated. It is hereby affirmed that the Bank has not denied any of its personnel access to the Chairman of the Audit Committee of the Board and that the Policy contains adequate provisions protecting Whistleblowers from unfair termination and other unfair prejudicial and employment practices. The Audit Committee of the Board reviews, on a quarterly basis, a synopsis of the complaints received and the resolution thereof under the said Policy.

The details of the Whistleblower Policy and Vigil Mechanism are available on the Bank's website at <http://www.axisbank.com/code-commitment-customers.aspx>.

**Subsidiary Companies**

The Bank does not have any unlisted Indian subsidiary company which could be deemed to be a material subsidiary, in terms of Regulation 16(1)(c) of the Listing Regulations. Further, the minutes of the meetings of the unlisted subsidiary companies of the Bank are tabled at the meetings of the Board of Directors of the Bank for its review, Statement of significant transactions/arrangements entered into by the unlisted subsidiary companies are also tabled at the meetings of the Board of Directors of the Bank, for its review.

**Policy for determining 'Material' Subsidiaries**

As required under Regulation 16(1)(c) of the Listing Regulations, the Bank has formulated and adopted a Policy for determining 'Material' Subsidiaries, which has been hosted on its website at [http://www.axisbank.com/download/Policy-for-determining-material subsidiary.pdf](http://www.axisbank.com/download/Policy-for-determining-material%20subsidiary.pdf).

**Policy for Related Party Transactions**

As required under Regulation 23 of the Listing Regulations, the Bank has formulated and adopted a Policy on dealing with Related Party Transactions, which has been hosted on its website at <http://www.axisbank.com/download/Policy-on-Related-Party-Transactions.pdf> and details thereof have been disclosed in the Annual Report.

**Prevention of Insider Trading**

The Board of Directors of the Bank has formulated and adopted the Code of Conduct to Regulate, Monitor and Report Trading by Insiders (The Code) and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) in line with the standards prescribed under Schedule B of the Securities of Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("Insider Trading Regulations").

The Code prohibits all Designated Persons, Connected Persons and Other Connected Persons from entering into any trade during the blackout period. The commencement and closure of the blackout period(s) is notified by the Compliance Officer of the Bank through e-mail/ SMS/ Human Resources Management System (HRMS).

The Code requires Designated Persons to obtain pre-clearance for dealing in the Bank's securities beyond prescribed threshold limits. Further, it prohibits the purchase/ sale/ transfer etc., of Bank's securities by its Designated Persons, Connected Persons and Other Connected Persons whilst in possession of UPSI relating to the securities of the Bank. The Bank prohibits the Designated Persons from entering into contra trades on the floor of the Stock Exchange(s) and from dealing in securities of the Bank's Listed Client Companies.

**3. Disclosures**

There were no transactions which were of a materially significant nature undertaken by the Bank with its promoters, directors or management, their subsidiaries or relatives that may have a potential conflict with the interests of the Bank.

The Members of the Senior Management of the Bank have affirmed that they have not entered into any material, financial or commercial transaction where they have personal interest and which may potentially conflict with the interest of the Bank at large.

There are no instances of non-compliance by the Bank or penalties and strictures imposed by the Stock Exchanges or SEBI or other statutory authorities on any matter related to capital markets during the last three years, other than the following:

- The inspection of depository services (CDSL & NSDL) was conducted by Securities and Exchange Board of India (SEBI) in September, 2013. Subsequently, SEBI vide their letter dated 7<sup>th</sup> March 2014 had issued administrative warning to the Bank in respect of four instances where the date of execution of power of attorney (PoA) was one day prior to the account activation date as per DPM system and certain clauses of the PoA were not consistent with SEBI circulars on PoA.

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## **CORPORATE GOVERNANCE (CONT.)**

### **4. Compliance**

The Bank has complied with all the mandatory requirements as prescribed under the Listing Regulations relating to Corporate Governance.

The Bank has adopted the non-mandatory requirements relating to maintenance of Chairman's Office at the Bank's expense and reimbursement of expenses incurred by the Non- Executive Chairman in performance of his duties, moving towards a regime of financial statements with unmodified audit opinion, separation of the office of the Chairman and Managing Director and the Internal Auditor directly reporting to the Audit Committee of the Board.

The Bank has obtained a certificate from M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai (Membership No. 301003E) confirming that the Bank has complied with all the mandatory requirements as stipulated under the Listing Regulations relating to Corporate Governance. The said certificate is enclosed as annexure to the Directors' Report.

### **5. Code of Conduct**

The Board of Directors of the Bank has formulated and adopted a Code of Conduct which is applicable to all the Directors and Members of the Senior Management of the Bank. The said Code has been hosted on the website of the Bank, [www.axisbank.com](http://www.axisbank.com).

A certificate issued by the Managing Director & CEO of the Bank confirming that all the Directors and Members of the Senior Management of the Bank have complied with the said Code is annexed to this Report.

## GENERAL SHAREHOLDER INFORMATION

[Pursuant to Regulation 34(3) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015] (Listing Regulations)

### 22<sup>nd</sup> Annual General Meeting

Day/ Date : Friday, 22<sup>nd</sup> July 2016

Time : 10.00 A.M. (IST)

Venue : J. B. Auditorium, Ahmedabad Management Association AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, Gujarat.

### Financial Year

The Bank follows the financial year starting from 1<sup>st</sup> April to 31<sup>st</sup> March, each year.

### Compliance Calendar

The schedule in respect of the meetings of the Board proposed to be convened during the financial year 2016-17 to inter alia review and approve the unaudited/audited financial results of the Bank, in terms of Regulation 33(3)(a) and (d) of the Listing Regulations, is as under:

Meeting	Purpose	Venue	Tentative Date
Board of Directors	Financial Results for the year ended 31 <sup>st</sup> March 2016	Corporate Office	26 <sup>th</sup> April 2016
Board of Directors	Financial Results for the quarter ending 30 <sup>th</sup> June 2016	Ahmedabad	22 <sup>nd</sup> July 2016
Board of Directors	Financial Results for the quarter ending 30 <sup>th</sup> September 2016	Corporate Office	25 <sup>th</sup> October 2016
Board of Directors	Financial Results for the quarter ending 31 <sup>st</sup> December 2016	Corporate Office	20 <sup>th</sup> January 2017
Board of Directors	Financial Results for the year ending 31 <sup>st</sup> March 2017	Corporate Office	Last Week of April 2017

The said financial results of the Bank as reviewed and approved by the Board is disclosed to the Stock Exchange(s) within thirty minutes from the conclusion of the Board meeting, in terms of Regulation 30 of the Listing Regulations read with sub-para 4 of Para A of Part A of Schedule III of the Listing Regulations.

### Payment of Dividend

The Board of Directors of the Bank at its Meeting held on 26<sup>th</sup> April 2016 has recommended payment of dividend of ₹5/- per equity share of ₹2/- each of the Bank, for the financial year ended 31<sup>st</sup> March 2016, for the approval of the Members at the 22<sup>nd</sup> Annual General Meeting, as against ₹4.60/- per equity share of ₹2/- each of the Bank, for the previous year. The payment of dividend, if approved by the Members at the 22<sup>nd</sup> Annual General Meeting, will commence on 25<sup>th</sup> July 2016 and is expected to be completed by 31<sup>st</sup> July 2016.

### Book Closure and Record Date

Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014, the Register of Members and the Share Transfer Books of the Bank will remain closed from Saturday, 9<sup>th</sup> July 2016 to Friday, 22<sup>nd</sup> July 2016 (both days inclusive) for the purpose of payment of dividend for the financial year 2015-16.

The Dividend of ₹5/- per equity share of ₹2/- each, if approved by the Members at the 22<sup>nd</sup> Annual General Meeting, will be paid to those Members, whose name appears in the Register of Members of the Bank/ the Statements of Beneficial Ownership received from the Depositories, as at the close of business hours on Friday, 8<sup>th</sup> July 2016.

### Unclaimed Dividends

Pursuant to Section 205C of the Companies Act, 1956, dividends that are lying unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account, is liable to be transferred to the Investors' Education & Protection Fund (IEPF) administered by the Central Government.

## CORPORATE GOVERNANCE (CONT.)

The details of the unclaimed dividends as on 31<sup>st</sup> March 2016 and the last date for claiming the same, prior to its transfer to the IEPF, are as under:

Financial year	No. of Members	Unclaimed dividend as on 31 <sup>st</sup> March 2016 (In ₹)	% to total dividend declared	Total Amount of Dividend Declared (In ₹)	Date of declaration	Last date for claiming dividend prior to its transfer to the IEPF
2008-09	6232	48,96,170	0.14	3,59,44,16,070	01.06.2009	06.07.2016
2009-10	4763	55,87,812	0.11	4,88,32,91,748	08.06.2010	13.07.2017
2010-11	4765	55,34,382	0.10	5,76,37,96,262	17.06.2011	22.07.2018
2011-12	5782	63,92,288	0.10	6,62,86,55,136	22.06.2012	27.07.2019
2012-13	4020	66,29,670	0.08	8,44,07,35,212	19.07.2013	24.08.2020
2013-14	3311	70,93,800	0.08	9,42,60,65,680	27.06.2014	01.08.2021
2014-15	6561	92,22,443	0.08	10,92,77,37,331	24.07.2015	29.08.2022
<b>Total</b>		<b>4,53,56,565</b>		<b>49,66,46,97,439</b>		

Accordingly, the concerned persons are requested to verify the details of their unclaimed dividends and lodge their claim with the Bank/Karvy Computershare Private Limited (Karvy), the Registrar and Share Transfer Agent of the Bank, before it is due for transfer to the IEPF.

The Bank has also written to the concerned shareholders requesting them to claim their dividends, before it is due for transfer to the IEPF as aforesaid, failing which no further claim shall lay against the Bank or the IEPF after the said transfer.

As per the provisions of Section 205C of the Companies Act, 1956, the unclaimed dividend amounting to ₹26,75,154 in respect of the financial year 2007-08 had been transferred to the IEPF on 28<sup>th</sup> July 2015. Further, the unclaimed dividend in respect of the financial year 2008-09 must be claimed by the concerned shareholders on or before 6<sup>th</sup> July 2016, as it is liable to be transferred to the IEPF within a period of 30 days from the said date.

### Equity Shares

The equity shares of the Bank are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) and are tradable on all other recognized stock exchanges in India. The International Security Identification Number (ISIN) in respect of the said equity shares is INE238A01034. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) are the Depositories for the equity shares of the Bank. The equity shares of the Bank have not been suspended from trading on the Stock Exchanges by any regulatory/ statutory authority.

Stock Exchange Codes	Reuters Codes	Bloomberg Codes
NSE - AXISBANK	NSE - AXISBANK.NS	NSE - AXSB IS
BSE - 532215	BSE - AXISBANK.BO	BSE - AXSB IB

### Global Depository Receipts (GDR)

The Bank's Global Depository Receipts (GDRs) are listed and traded on the London Stock Exchange. The ISIN for the said GDRs is US05462W1099.

London Stock Exchange 10 Paternoster Square, London EC4M 7LS, UK Website : <a href="http://www.londonstockexchange.com">www.londonstockexchange.com</a>	AXB
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### Listing Fees

The annual listing fees for the financial year 2016-17 have been paid by the Bank to the said Stock Exchanges.

### Debt Securities

The Non-Convertible Debentures of the face value of ₹10 lacs (NCDs) issued by the Bank on a private placement basis are listed for trading on the Wholesale Debt Market segment of the BSE and NSE. The Bonds issued by the Bank under the MTN program are listed on the Singapore Stock Exchange.

### Debenture Trustees

#### IDBI Trusteeship Services Limited

Asian Building, Ground Floor,  
17, R. Kamani Marg,  
Ballard Estate, Mumbai – 400 001.  
Phone No. +9122 – 4080 7000.

#### SBI Cap Trustee Company Limited

6<sup>th</sup> Floor, Apeejay House, 3,  
Dinshaw Wachha Road,  
Churchgate, Mumbai - 400 020  
Phone No. +9122 - 4302 5555.

### Market Price Data

#### a. Equity Shares

The price of the Bank's Share - High, Low during the last financial year on NSE and BSE, are given below:

Month	NSE			BSE		
	High (₹)	Low (₹)	No. of Shares traded	High (₹)	Low (₹)	No. of Shares traded
April, 2015	582.40	507.00	13,56,35,991	582.00	507.20	1,79,28,185
May, 2015	587.30	523.30	11,05,19,790	587.00	523.45	1,34,57,609
June, 2015	588.90	538.55	13,19,63,430	589.45	538.50	1,73,26,854
July, 2015	613.45	550.45	15,13,81,278	613.40	550.40	2,16,19,494
August, 2015	589.50	475.10	14,01,08,503	589.65	476.25	1,44,17,846
September, 2015	534.70	446.75	19,68,79,676	535.00	447.50	1,58,27,859
October, 2015	532.70	465.00	20,72,77,962	532.45	465.20	1,77,16,543
November, 2015	487.20	445.90	17,06,53,879	487.35	446.00	1,25,74,083
December, 2015	471.35	429.50	17,74,18,271	471.00	429.05	1,14,60,043
January, 2016	452.90	366.75	23,89,79,496	452.70	366.65	2,02,35,563
February, 2016	422.50	373.30	31,69,59,771	422.40	373.30	4,65,68,739
March, 2016	449.00	380.10	18,23,95,017	448.60	379.50	1,36,67,474

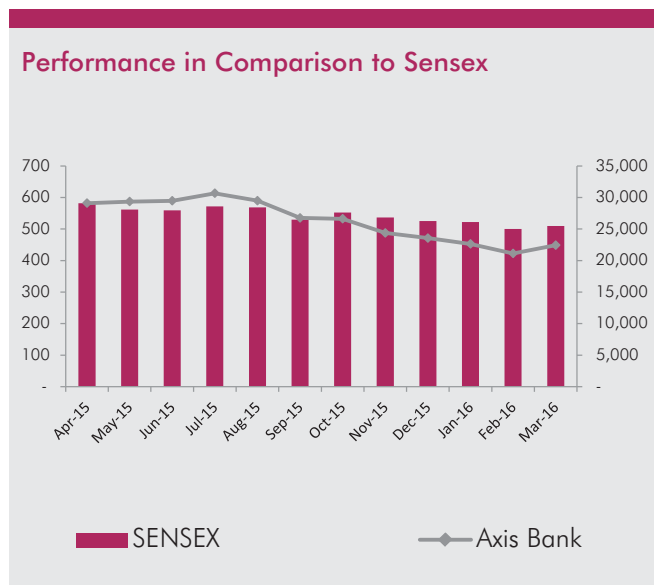
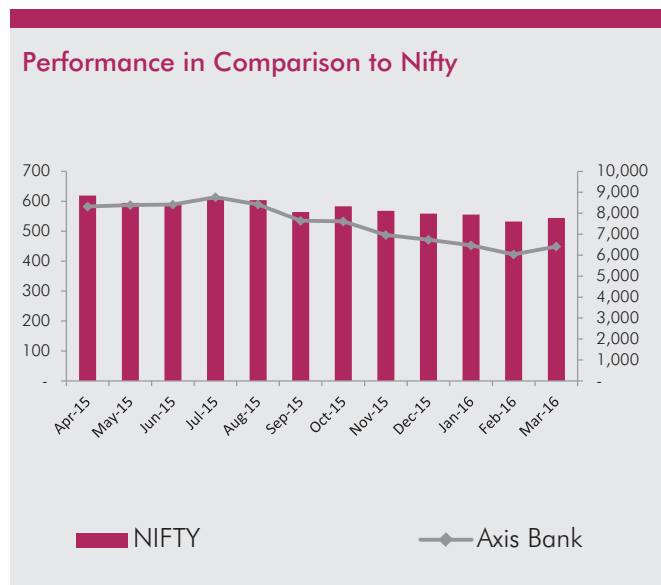
#### b. GDR

The high and low closing prices of the Bank's GDRs traded during the last financial year on the LSE, are given below:

Month	High (In USD)	Low (In USD)	No. of GDRs traded
April, 2015	47.45	39.65	12,30,000
May, 2015	46.55	39.90	9,82,380
June, 2015	46.31	41.75	9,25,880
July, 2015	48.60	42.20	11,40,000
August, 2015	46.25	34.30	19,50,000
September, 2015	40.35	33.00	23,00,000
October, 2015	41.10	35.55	21,80,000
November, 2015	37.40	33.52	12,00,000
December, 2015	35.00	31.70	12,70,000
January, 2016	33.15	27.00	17,10,000
February, 2016	31.10	27.29	16,30,000
March, 2016	33.90	28.18	23,53,000



## CORPORATE GOVERNANCE (CONT.)



### Unclaimed Shares

Schedule VI of the Listing Regulations inter alia requires every listed company to comply with certain procedures in respect of equity shares issued by it in physical form pursuant to a public issue or any other issue and which have remained unclaimed for a period of seven years, for any reason whatsoever.

Details of the unclaimed shares as on 31<sup>st</sup> March 2016 and 31<sup>st</sup> March 2015, are as follows:

Particulars	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
Aggregate number of shareholders at the beginning of the year	29	29
Total outstanding shares in Unclaimed Suspense Account at the beginning of the year	18,000	18,000
Number of shareholders who approached the issuer for transfer of shares from Unclaimed Suspense Account during the year	-	-
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	-	-
Aggregate number of shareholders at the end of the year	29	29
<b>Total outstanding shares in Unclaimed Suspense Account at the end of the year</b>	<b>18,000</b>	<b>18,000</b>

In terms of the said Schedule, all corporate benefits in terms of securities accruing on the said unclaimed shares viz. bonus shares, split, etc., if any, has been credited to the said Unclaimed Suspense Account. Further, voting rights on the said unclaimed shares lying in the said Unclaimed Suspense Account have been frozen till the rightful owner claims such shares.

The concerned shareholder(s) are requested to write to Karvy to claim the said equity shares. On receipt of such claim, Karvy may call for additional documents. Subject to its receipt and verification, Karvy may either transfer the said equity shares lying in the said Unclaimed Suspense Account to the depository account provided by the concerned shareholder(s) or deliver the physical share certificate(s) after rematerializing the same as directed by the shareholder(s), to his address registered with Karvy.

### Dematerialization of Shares and Liquidity

The equity shares of the Bank are to be compulsorily traded in electronic form by all investors. The Bank has entered into agreements with the NSDL and the CDSL so as to provide the Members an opportunity to hold and trade equity shares of the Bank in electronic form.

As on 31<sup>st</sup> March 2016, 99.64% of the total issued and paid up equity share capital of the Bank was held by investors in electronic form and the balance equity share capital was held in physical form.

The number of equity shares of the Bank transferred/processed during the last three years (excluding electronic transfer of equity shares in dematerialised form) are given below:

	2015-16	2014-15	2013-14
Number of transfer deeds	202	285	282
Number of equity shares transferred	54,500	63,000	15,78,100

As required under Regulation 40(9) of Listing Regulations, M/s. Ahalada Rao. V & Associates, Practicing Company Secretaries, (C. P. No. 11497), Hyderabad have examined the records relating to share transfer deeds, memorandum of transfers, registers, files and other related documents on a half-yearly basis and has issued a certificate confirming compliance with the provisions of the said Regulations. The certificate has been forwarded to the BSE and NSE where the Bank's equity shares are listed, in terms of the Listing Regulations and also placed before the Stakeholders Relationship Committee of the Board of Directors, for its noting.

### Distribution of Shareholding as on 31<sup>st</sup> March 2016

No. of shares held	Physical Form		Electronic Form		Total		
	No. of shareholders	No. of shares	No. of shareholders	No. of shares	No. of shareholders	No. of shares	% to capital
1 – 5,000	9,157	79,63,870	4,97,807	8,90,72,907	5,06,964	9,70,36,777	4.07
5,001 – 10,000	31	2,20,825	1,661	1,20,12,268	1,692	1,22,33,093	0.51
10,001 – 20,000	7	95,000	891	125,66,342	898	1,26,61,342	0.53
20,001 – 30,000	3	71,500	362	89,05,578	365	89,77,078	0.38
30,001 – 40,000	0	0	207	71,89,133	207	71,89,133	0.30
40,001 – 50,000	2	99,500	147	66,11,878	149	67,11,378	0.28
50,001 – 1,00,000	1	65,000	346	2,46,98,645	347	2,47,63,645	1.04
1,00,000 and above	1	1,02,000	936	2,21,31,57,380	937	2,21,32,59,380	92.89
<b>Total</b>	<b>9,202</b>	<b>86,17,695</b>	<b>5,02,357</b>	<b>2,37,42,14,131</b>	<b>5,11,559</b>	<b>2,38,28,31,826</b>	<b>100.00</b>

### Major Shareholders

Details of the Shareholders holding 1% or more of the total issued and paid-up share capital of the Bank as on 31<sup>st</sup> March 2016, are as under:

Sr. No	Name of the Shareholder	No. of Shares held	% to total paid up capital
1.	Life Insurance Corporation of India	34,88,60,225	14.64
2.	Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	27,48,40,905	11.53
3.	The Bank of New York Mellon, DR	7,99,57,720	3.36
4.	ICICI Prudential Life Insurance Company Limited	6,75,59,849	2.84
5.	Credit Suisse (Singapore) Limited	4,17,38,863	1.75
6.	General Insurance Corporation of India	4,05,95,000	1.70
7.	Cinnamon Capital Limited	3,75,36,095	1.58
8.	Government Pension Fund Global	3,51,01,342	1.47
9.	Lazard Asset Management LLC A/C Lazard Emerging Markets Portfolio	2,69,63,374	1.13
10.	The New India Assurance Company Limited	2,61,03,585	1.10
11.	Centaura Investments (Mauritius) PTE Limited	2,55,47,908	1.07
12.	Goldman Sachs (Singapore) PTE	2,43,14,586	1.02
	<b>Total</b>	<b>1,02,91,19,452</b>	<b>43.19</b>

### Outstanding GDR

The Bank has in the course of international offerings to overseas investors, issued securities linked to ordinary equity shares of the Bank in the form of Global Depositary Receipts (GDRs) in March/April 2005, July 2007 and September 2009. The said GDRs have been listed and traded on the London Stock Exchange. The Bank has simultaneously issued the underlying equity shares of the Bank in the form of GDRs to overseas investors. The underlying equity shares have been listed and permitted to be traded on the NSE and BSE. The number of outstanding GDRs as on 31<sup>st</sup> March 2016 was 7,99,57,720.

Apart from the above, the Bank has not issued any ADRs/Warrants or any other convertible instruments.

## CORPORATE GOVERNANCE (CONT.)

### Investor Services

#### Registrar & Share Transfer Agent (RTA)

Karvy has been entrusted with the task of administering all aspects of investor services. Karvy has appropriate systems to ensure that requisite service is provided to the investors of the Bank in accordance with applicable corporate and securities laws and within the adopted service standards. Listed below are the service standards adopted by Karvy in respect of the various services rendered by it to the investors of the Bank.

Nature of Service	Adopted Service Standards
Transfer of Share(s)	7 days
Transmission of Share(s)	7 days
Consolidation of folio(s)	7 days
Change/ Deletion/ Transposition of Name(s)	7 days
Registration of Nomination	5 days
Issue of duplicate dividend warrant(s)	5 days
Revalidation of dividend warrant(s)	5 days
Revalidation of demand draft(s)	5 days
Split/ consolidation of share certificate(s)	7 days
Dematerialization of share(s)	7 days
Re-materialization of share(s)	10 days
Release of unclaimed share(s)	7 days
Issue of duplicate share certificate(s)	10 days

The shareholders are requested to write to the Registered Office of the Bank or to Karvy for availing any of the said services. In terms of Regulation 34(3) read with Schedule V of the Listing Regulation, the designated email address for correspondence is [shareholders@axisbank.com](mailto:shareholders@axisbank.com) or [inward.ris@karvy.com](mailto:inward.ris@karvy.com). Officers based at the Registered Office of the Bank have been entrusted with the task of attending to the investor correspondence in coordination with Karvy and ensure its redressal in accordance with applicable corporate and securities laws and within the aforesaid service standards.

#### Share Transfer System

In terms of Regulation 40 (1) of Listing Regulations, a Share Committee comprising the Head (Law) and the Company Secretary of the Bank has been formed to look after the matters relating to the transfer of equity shares and other related matters. The resolutions passed by the Share Committee are tabled at the ensuing meeting of the Board of Directors of the Bank, for its noting.

#### Investor Grievances

During the year, the Bank had received 2,587 correspondences from its investors, capital market intermediaries and statutory/regulatory authorities inter alia requesting for various services relating to the securities issued by the Bank by post and through emails (addressed to designated email address viz. [shareholders@axisbank.com](mailto:shareholders@axisbank.com)) and [inward.ris@karvy.com](mailto:inward.ris@karvy.com).

The details of the investor complaints received and redressed by the Bank during the last 3 financial years, are as under:

Received from	No. of complaints received			No. of complaints unresolved as on 31 <sup>st</sup> March 2016
	2013-14	2014-15	2015-16	
SEBI	9	11	12	-
Stock Exchanges	4	8	9	-
NSDL / CDSL	1	-	-	-
MCA and others	-	-	-	-
Total No. of complaints received	14	19	21	-
<b>Total No. of complaints redressed</b>	<b>14</b>	<b>19</b>	<b>21</b>	<b>-</b>

There was no investor complaint that was unresolved, as on 1<sup>st</sup> April 2015. All the investor complaints received during the year were resolved and as such there was no investor complaint that was unresolved as on 31<sup>st</sup> March 2016.

The statement highlighting the status of the investor correspondence received (including grievances) and its redressal is tabled at the meeting of the Stakeholders Relationship Committee of Directors, for its review and noting.

### Nomination Facility

Section 72 of the Companies Act, 2013, provides that every holder of securities of a company may, at any time, nominate, in the prescribed manner, any person to whom his securities shall vest in the event of his death. Where the securities of a company are held by more than one person jointly, the joint holders may together nominate any person to whom all the rights in the securities shall vest in the event of death of all the joint holders.

In view of the above, shareholders may avail of the Nomination Facility. The relevant Nomination Form is available on the website of the Bank and the Shareholders may download the same or write to the Bank at its Registered Office or to Karvy, for the same.

Please note that the nomination shall be automatically rescinded on transfer/ dematerialization of the shares.

### ECS Facility

Payment of Dividends through Electronic mode:

- Securities and Exchange Board of India (SEBI) has vide Circular No. CIR/MRD/DP/10/2013 dated 21<sup>st</sup> March 2013 directed that Listed Companies shall mandatorily make all payments to Investors, including Dividend, by using any Reserve Bank of India (RBI) approved electronic mode of payments Viz. ECS, NECS (National ECS), NEFT etc. The Bank would be entitled to use the bank account details of the shareholders available with the Depository Participant to facilitate electronic credit of the Dividend.
- In case of shares held in electronic form:
 

All the eligible shareholders of the Bank holding equity shares in electronic form are requested to update with their Depository Participant(s) details relating to, their correct Bank Account Number, including 9 digit MICR Code and 11 digit IFSC Code, E-mail ID and mobile No(s).
- In case of shares held in physical form.
 

All eligible shareholders may communicate details relating to their Bank Account, 9 digit MICR Code and 11 digit IFSC Code, E-mail ID and mobile No(s) to Karvy at Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, by quoting the reference of their folio number and attaching a photocopy of the cheque leaf of the said Bank Account and a self-attested copy of their PAN card.
- In case the dividend paid through electronic mode is returned or rejected by the corresponding bank, for any reason whatsoever, the Bank will issue a dividend warrant and print the Bank Account details available with Karvy on the said dividend warrant to avoid its fraudulent encashment.

### Other important information

#### Secretarial Compliance

M/s. BNP & Associates, Company Secretaries, Mumbai has conducted the Secretarial Audit for the financial year ended 31<sup>st</sup> March 2016, in terms of Section 204 of the Companies Act, 2013 and rules made thereunder and their report forms part of the Directors' Report.

#### Dispatch of documents in Electronic Form

In terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, a company may give notice through electronic mode including e-mail to those Members who have provided their e-mail address either to their DP or to the Company.

Accordingly, the Notice convening the 22<sup>nd</sup> Annual General Meeting, the annual report of the Bank for the financial year 2015-16 and other annexures stated therein will be sent by e-mail to those Members who have registered their e-mail address with their Depository Participants (DP) or with Karvy.

In case of any change in the e-mail address, Members are requested to update the same with their DP, in case their shares are held in electronic form and with Karvy, in case their shares are held in physical form.

In case a Member fails to update the relevant e-mail address, the said document will be sent to the existing e-mail address and the said documents will be deemed to have been delivered, in compliance with the relevant provisions of the Companies Act, 2013, Rules made thereunder and the Listing Regulations.

Members who have not yet registered/ updated their e-mail address as aforesaid, are requested to do so with their DP/ Karvy, as aforesaid.

## CORPORATE GOVERNANCE (CONT.)

However, in case any Member who has registered his e-mail address with his DP/Karvy, but wishes to receive a physical copy of the said documents, he is requested to write to [einward.ris@karvy.com](mailto:einward.ris@karvy.com) or [shareholders@axisbank.com](mailto:shareholders@axisbank.com) duly quoting his DP ID and Client ID or his Folio number, as the case may be, to enable the Bank to record his decision and provide physical copy of the said documents free of cost.

Please note that the said documents will also be uploaded on the Bank's website viz [www.axisbank.com](http://www.axisbank.com) and copies thereof will be made available for inspection at the Registered Office of the Bank during its business hours on all working days except Saturdays, Sundays, Bank Holidays and Public Holiday upto the date of the ensuing AGM.

### Means of Communication

The financial results of the Bank duly approved by the Board of Directors is disclosed to the Stock Exchanges in India within 30 minutes of the conclusion of the Board Meeting, in terms of Regulation 30 of the Listing Regulations read with sub-para 4 of Para A of Part A of Schedule III of the Listing Regulations. Thereafter, formal presentations are made by the Management to Analysts through conference calls, details of which are also uploaded on the Bank's website.

The financial results of the Bank are also uploaded on the Bank's website viz. [www.axisbank.com](http://www.axisbank.com), in accordance with the Listing Regulations. The financial results of the Bank are generally published in the Economic Times and Gujarat Samachar or Divya Bhaskar on the day after the financial results is approved by the Board of Directors and its disclosure to the Stock Exchanges.

Further, the financial results of the Bank are also sent by email to those shareholders whose email address is registered with their DP/Karvy.

For the ready reference of the investors of the Bank, a list of frequently asked questions and their answers have also been uploaded on the Bank's website viz. [www.axisbank.com](http://www.axisbank.com).

### General Body Meetings

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

AGM	Date and Day	Time	Location
19 <sup>th</sup>	19 <sup>th</sup> July 2013 – Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.
20 <sup>th</sup>	27 <sup>th</sup> June 2014 – Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.
21 <sup>st</sup>	24 <sup>th</sup> July 2015 – Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.

The details of the special resolutions passed at the last three Annual General Meetings, are as under:

AGM	Date of AGM	Special Resolutions
19 <sup>th</sup>	19 <sup>th</sup> July 2013	Resolution No. 6 - Appointment of Statutory Auditors of the Bank under Section 224A of the Companies Act, 1956. Resolution No. 14 - Approval of the shareholders of the Bank pursuant to Section 81 of the Companies Act, 1956 authorising the Board of Directors of the Bank to issue, offer and allot equity stock options under the Employees Stock Option Scheme of the Bank.
20 <sup>th</sup>	27 <sup>th</sup> June 2014	Resolution No. 11 - Approval of the shareholders of the Bank for amendment in the exercise period from 3 years to 5 years from the date of vesting of options, in respect of options granted with effect from April, 2014. Resolution No. 12 - Approval of the Shareholders of the Bank authorising the Board of Directors of the Bank to borrow money within the limit of ₹1,00,000 crores. Resolution No.13 - Special Resolution for raising Tier I and Tier II Capital and raising capital under MTN Programme. Resolution No.16 - Special Resolution for alteration of Articles of Association of the Bank relating to increase in the authorised share capital of the Bank and sub-division of the equity shares of the Bank.
21 <sup>st</sup>	24 <sup>th</sup> July 2015	Resolution No. 12 - Increase in Borrowing limits of the Bank upto ₹ 1,50,000 crores under Section 180 (1)(c) of the Companies Act, 2013. Resolution No. 13 - Borrowing/Raising funds in Indian Currency/Foreign Currency by issue of debt Instruments including but not limited to bonds and non-convertible debentures for an amount of upto ₹ 35,000 crores. Resolution No. 14 - Acquiring and holding equity shares of the Bank, by the Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) / Non Resident Indians (NRIs), Foreign Direct Investment covering ADRs / GDRs and indirect foreign investment in any combination thereof, upto 74% of the paid up share capital of the Bank.

### Procedure for Postal Ballot

In compliance with Regulation 44 of the Listing Regulations and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, the Rules made thereunder, the Bank provides electronic voting facility to all its Members. The Bank had engaged the services of Karvy for the purpose of providing e-voting facility to all its Members. In terms of the said laws, the Members have the option to vote either by physical ballot or e-voting.

The Board of Directors of the Bank appoints Scrutinizer(s) for conducting the Postal Ballot process in a fair and transparent manner. The Postal Ballot exercise is conducted in accordance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules, 2014, as amended.

The Bank dispatches the Postal Ballot Notice and relevant forms along with postage prepaid business reply envelope to those Members whose names appear on the register of members / statements of beneficial holders provided by the depositories as on the cut-off date. The postal ballot notice is sent to Members in electronic form to the email addresses registered with their DP in case shares are held in electronic form or with Karvy in case shares are held on physical form. The Bank also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013 and Rules made thereunder.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the Scrutinizer at the address mentioned in the postage prepaid business reply envelope on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by any one of the Directors duly authorised by Board of Directors of the Bank, in this regard. The postal ballot results are also displayed at the Registered Office and the Corporate Office of the Bank, uploaded on the Bank's website besides being disclosed to the Stock Exchanges. The date of declaration of the results by the Bank is deemed to be the date of passing of the resolution(s) as set out in the Postal Ballot Notice.

### Resolution passed by way of Postal Ballot during the Financial Year 2015-16

During the year under reference, the Bank had sought the approval of the Members through Postal Ballot for re-appointment of Shri Prasad R. Menon as an Independent Director of the Bank by means of a Special Resolution in terms of the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013, the Companies (Appointment & Qualification of Directors) Rules, 2014, read with Schedule IV to the said Act, the Articles of Association of the Bank, erstwhile listing agreement and Section 10A (2A) and other applicable provisions of the Banking Regulation Act, 1949 and the Guidelines issued by the Reserve Bank of India, in this regard, from time to time. The result of the said Postal Ballot was declared on 22<sup>nd</sup> December 2015.

The Bank had appointed Shri Raghavendar Rao D. Practicing Company Secretary (Membership No. ACS 35788/C.P. No. 13407) as the Scrutinizer for conducting the said postal ballot process in a fair and transparent manner. The Postal Ballot exercise was conducted in accordance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules, 2014, as amended. The summary of the postal ballot results in respect of the said Special Resolution is as under:

No. of votes in favour	No. of votes against	% of votes in favour	% of votes against
1,56,83,60,401	80,57,078	99.49	0.51

### Address For Correspondence

Registered Office	Corporate Office	Registrar & Share Transfer Agent (RTA)
The Company Secretary Axis Bank Limited [CIN:L65110GJ1993PLC020769] 'Trishul', 3 <sup>rd</sup> Floor, Opp. Samartheshwar Temple, Near Law Garden, Ellisbridge, Ahmedabad – 380 006 Tel. No. : +9179-6630 6161 Fax No. : +9179-2640 9321 Email:shareholders@axisbank.com	Axis Bank Limited, 'Axis House', C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025 Tel. No. : +9122-2425 2525/4325 2525 Fax No. : +9122-2425 1800 Email:shareholders@axisbank.com	M/s. Karvy Computershare Private Limited Unit: Axis Bank Limited Karvy Selenium Tower B, Plot 31- 32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Tel. No. : +9140-6716 2222 Fax No. : +9140-2300 1153 Toll Free No. : 1800-345-4001 Email : einward.ris@karvy.com

## **Compliance with the Code of Conduct by the Directors & Members of the Senior Management of the Bank for the Financial Year 2015-16**

I confirm that for the year under review, all Directors and Members of the Senior Management of the Bank have affirmed compliance with the Code of Conduct of the Bank.

**Shikha Sharma**  
Managing Director & CEO

26<sup>th</sup> April 2016