



Stakeholders Empowerment Services

Analyze >>> Educate >>> Empower

Proxy Advisory Report (Addendum) Axis Bank Ltd.

ABOUT SES

Stakeholders Empowerment Services (SES) is a Corporate Governance research and advisory firm. SES assists investors to analyze governance practices including matters relating to sustainability, prevalent at listed entities and empower Investors to undertake meaningful engagement with Investee entities.

SES SERVICES

Proxy Advisory:

Advises investors on the matters that require shareholder approval at listed entities and identify Governance issues. [Read More](#)

ESG Scores:

Analyze sustainability initiatives of Companies based on various environmental, social and governance factors. [Read More](#)

Corporate Governance Score (CGS):

CGS model measures the Company's compliance and also evaluates the governance practices with respect to global benchmarks. [Read More](#)

Governance Research:

In-depth and robust analysis on various topic to identify governance issues relating to companies, transactions, sectors and even the broader markets. [Read More](#)

E-Ballot:

Online Vote Management System to cater to requirements of Institutional Investors. One stop solution for investors – from accessing proxy reports and voting advice to recording votes and generating customized MIS reports. [Read More](#)

SES AIMS:

Designed primarily for Institutional investors to carry out their stewardship activities in an efficient manner. [Read More](#)

BRSR: SES has developed an Online web-based platform where in the Company can fill all its BRSR related data and generate its BRSR Report seamlessly online. [Read More](#)

BRSR Guide on relevant sector: [Read more](#)

BANK INFORMATION

BSE CODE: 532215

NSE SYMBOL: AXISBANK

ISIN: INE238A01034

Industry: Private Sector Bank

Email: shareholders@axisbank.com

Phone: +91-79-6630 6161

Registered Office: 'Trishul', 3rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad – 380 006, Gujarat

MEETING DETAILS

Meeting Type: PB

Voting Deadline: 16th January, 2023

Notice Date: 8th December, 2022

Notice: [Click here](#)

Annual Report: [FY 2021-22](#)

SES PA Report: [Report](#)

E-VOTING DETAILS

e-Voting Platform: [KFintech](#)

Cut-off Date: 9th December, 2022

Remote E-voting:

- **Start:** 18th December, 2022
- **Ends:** 16th January, 2023

ADDENDUM REPORT RELEASE DATE: 30th December, 2022

RESEARCH ANALYST: Manshi Singh

CONFLICT DISCLOSURE: SES - No Conflict | Analyst - No Conflict

INTERACTION WITH THE BANK - No Interaction



ADDENDUM

This Addendum is being issued based on an e-mail dated 30th December, 2022 sent by Axis Bank Ltd. ('the Company') w.r.t. Proxy Advisory [Report](#) issued by SES in relation to the ongoing Postal Ballot of the Company.

There is a change in SES Recommendation: Resolution #4 & #5: From **AGAINST to **FOR****, based on additional company disclosures.

BACKGROUND

SES, as per its policy, had e-mailed its PA Report to the Company on 29th December, 2022 in respect of the ongoing Postal ballot.

Post release of PA Report, SES received an email from the Company providing its view point, which is reproduced at the last in **blue text** along with the SES Response (**in black**).

SES COMMENTS ON COMPANY'S RESPONSE

At the outset, we request you to note that the Bank intends to grant units to the Eligible Employees at Rs. 2/- (face value). it is also pertinent to note that in the Postal Ballot Notice it is clearly called out that the exercise price will be determined by the Nomination and Remuneration Committee of the Bank, but it will not be less than the face value.

Kindly note that the same will be determined at the time of grant of units to the Eligible Employee and as such can be disclosed after the grant only. Accordingly, the Bank is in compliance with the provisions of SEBI (Share Based Employee Benefit and Sweat Equity) Regulations, 2021 with regard to disclosure of exercise price.

We re-iterate that the restricted units under the Scheme will be granted to the eligible employees only at the face value.

SES Comments: Shareholders may note that, SES had raised concern over inadequate disclosure of exercise price for the Axis Bank Employees Stock Unit Scheme, 2022. The Bank had stated that "The exercise price for Units shall be as determined by the Committee and specified at the time of grant which shall not be less than the face value of the equity shares of the Bank". This disclosure was found to be inadequate in terms of SEBI ESOP Regulations, which require either a pricing formula or a fixed price.

The Bank has now stated that they intend to grant the units to the employees **only at face value of ₹ 2 per share**. Since the Bank has now provided the exercise price and since the maximum units to be granted to each employee has been restricted to 20,000 Units, the maximum quantum of benefit is also restricted and the concern raised by SES is adequately addressed.

SES in normal course would require such information to be disclosed as part of the notice itself or additionally on the stock exchanges, in this case although the Bank has not disclosed this information publicly, However in the extant case, all remuneration related aspects will be regulated by the RBI and the scope of deviation from the exercise price would not be possible as there will be further regulatory screening before actual issuance and the Bank will not be able to discriminate between one set of allottee vs another set, as a result applying the concept "one size does not fit all" SES is changing its recommendation from **AGAINST** to **FOR**

COMPANY'S EMAIL

With regard to the SES report on the Postal Ballot notice, please find the response of the Bank with regard to exercise price inadequately disclosed in the Postal Ballot notice:

At the outset, we request you to note that the Bank intends to grant units to the Eligible Employees at Rs. 2/- (face value). it is also pertinent to note that in the Postal Ballot Notice it is clearly called out that the exercise price will be determined by the Nomination and Remuneration Committee of the Bank, but it will not be less than the face value.

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Meeting Type: Postal Ballot

Voting Deadline: 16th January, 2023

We would also be happy to provide any further clarifications in this regard. If an in person meeting or call is more convenient to discuss this further, we would be very happy to schedule the same per your convenience.

We re-iterate that the restricted units under the Scheme will be granted to the eligible employees only at the face value.



Meeting Type: Postal Ballot

Voting Deadline: 16th January, 2023

Disclaimer Sources

Only publicly available data has been used while making the report. Our data sources include Notice of Shareholders' Meeting, BSE, NSE, SEBI, Capitaline, MCA, Moneycontrol, Businessweek, Reuters, Annual Reports, IPO Documents and Company Website.

Analyst Certification

The Analyst(s) involved in development of this Report certify that no part of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this Report. The concerned Research Analyst(s) and Director(s) do not have any pecuniary relationship with the Reported Company, except that they may be holding miniscule shares in the Company which does not impact their independence in respect of this Report.

SES may be a shareholder in the Company holding equity shares as disclosed on its [website](#). The objective of SES' investment is solely to obtain Shareholders' communications from the Company as a shareholder.

CAUTIONARY STATEMENT

The recommendations made by SES are based on publicly available information and conform to SES's stated Proxy-Advisory Guidelines. SES opinion is based on SES's interpretation of law and governance benchmarks, which may differ from opinion/ benchmarks of other analysts or practitioners. Further, SES analysis is recommendatory in nature and reflects how SES would have voted if it was a shareholder. Therefore, SES expects that the clients will evaluate the effect of their vote on their investments independently and diligently and will vote accordingly. Subscribers may also carry out an impact analysis of their votes and keep the same as an addendum for their records. In our opinion, Institutional investors are positioned significantly differently from other shareholders due to their ability to engage the board and the management to bring out desired result. As a firm, it is our endeavour to improve the level of corporate governance while not causing any disruption in company's proceedings and therefore we respect the independence of investors to choose alternate methods to achieve similar results.

Disclaimer

While SES has made every effort, and has exercised due skill, care and diligence in compiling this report based on publicly available information, it neither guarantees its accuracy, completeness or usefulness, nor assumes any liability whatsoever for any consequence from its use. This report does not have any approval, express or implied, from any authority, nor is it required to have such approval. The users are strongly advised to exercise due diligence while using this report.

This report in no manner constitutes an offer, solicitation or advice to buy or sell securities, nor solicits votes or proxies on behalf of any party. SES, which is a not-for-profit Initiative or its staff, has no financial interest in the companies covered in this report except what is disclosed on its website. The report is released in India and SES has ensured that it is in accordance with Indian laws. Person resident outside India shall ensure that laws in their country are not violated while using this report; SES shall not be responsible for any such violation.

All disputes shall be subject to jurisdiction of High Court of Bombay, Mumbai.

Concern terminology

NC – Compliance Concern: The Company has not met statutory compliance requirements

FC – Fairness Concern: The Company has proposed steps which may lead to undue advantage to a particular class of shareholders and can have adverse impact on non-controlling shareholders including minority shareholders

GC – Governance Concern: SES questions the governance practices of the Company. The Company may have complied with the statutory requirements in letter. However, SES finds governance issues as per its standards.

TC - Disclosures & Transparency Concern: The Company has not made adequate disclosures necessary for shareholders to make an informed decision. The Company has intentionally or unintentionally kept the shareholders in dark.

Company Information



Stakeholders Empowerment Services

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