

AXIS/CO/CS/400/2023-24

October 27, 2023

The General Manager  
Corporate Finance Department  
Securities and Exchange Board of India  
Plot No. C4-A, 'G' Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai- 400051, Maharashtra.

Dear Sir/Madam,

**Sub.: Request for Informal Guidance by way of an Interpretive Letter under Clause 5(ii) of the SEBI (Informal Guidance) Scheme, 2003**

**Ref.: Section VI-H of the SEBI Master Circular on the Listing Obligations and Disclosure Requirements, Regulations, 2015 ("LODR Regulations") dated July 11, 2023 ("SEBI Master Circular")**

**A. Background**

Axis Bank Limited ("Bank") is a public limited company incorporated under the Companies Act 1956 having registered office at Axis Bank Limited, 'Trishul', 3<sup>rd</sup> Floor, Opp. Samartheshwar Temple, Near Law Garden, Ellisbridge, Ahmedabad - 380 006. The equity shares of Bank are listed on BSE Limited and National Stock Exchange of India Limited.

The Committee on Corporate Governance under the Chairmanship of Mr. Uday Kotak made several recommendations to SEBI in its report dated October 5, 2017. Most of the amendments necessary to implement these recommendations had been made in the LODR Regulations vide notification dated May 9, 2018. A few recommendations as accepted by SEBI were implemented through issue of a circular no. SEBI/HO/CFD/CMD/CIR /P/2018/79 dated May 10, 2018 which inter alia included recommendation on Group Governance Unit.



SEBI vide the circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023, released the Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities and accordingly, the circular dated May 10, 2018 stands rescinded.

## **B. Regulatory Provision**

Para 2.1 of Section VI-H of the SEBI Master Circular states as follows:

### *"2.1. Group Governance Unit:*

#### *2.1.1. Where the listed entity has a large number of unlisted subsidiaries:*

- i. The listed entity may monitor their governance through a dedicated group governance unit or Governance Committee comprising the members of its board of directors.*
- ii. A strong and effective group governance policy may be established by the entity.*
- iii. The decision of setting up of such a unit/committee or having such a policy shall lie with the board of directors of the listed entity."*

## **C. Action taken by the Bank**

In accordance with the circular dated May 10, 2018 and Para 2.1 of Section VI-H of the SEBI Master Circular, the Bank had taken following action:

- (i) A Board approved policy ("Subsidiary Governance Framework") has been put in place for oversight and monitoring the governance of its subsidiaries.
- (ii) A Subsidiary Governance Committee has been constituted, which is now chaired by an Executive Director (earlier chaired by Group Executive until July, 2023) and comprises key senior management of the Bank (including the Group Heads of the assurance functions i.e., Risk, Compliance and Audit), as its members.
- (iii) A dedicated group governance unit was set-up that holds together the agenda and cadence of the Subsidiary Governance Committee, and helps drive specific items, either directly or via. the relevant teams of the Bank and provides a quarterly update to the Board of the Bank on all material matters related to subsidiary governance.
- (iv) A quarterly update is provided to the Board of the Bank on all material matters related to subsidiary governance.



#### D. Query

In recently concluded annual supervisory review by the Reserve Bank of India ("RBI"), the senior supervisory team of RBI has reviewed Bank's subsidiary governance structure and framework. While they have not made any specific comment on the overall functioning of the governance structure, a query was raised on the constitution of subsidiary governance committee. The para. 2.1.1(iii) of the Section VI-H of the SEBI Master Circular states that "the decision of setting up of such a unit/committee or having such a policy shall lie with the board of directors of the listed entity".

As per assessment of the Bank, the Subsidiary Governance Committee (mentioned at C(ii) above) constituted by the Bank as per the directions of the Board of the Bank, is in compliance with the provisions of the Section VI-H of the Master Circular.

The Bank hereby seeks an informal guidance by way of an interpretative letter under Clause 5(ii) of the SEBI (Informal Guidance) Scheme, 2003, that the actions taken by the Bank are in compliance with the provisions of para. 2.1.1(iii) of the Section VI-H of the SEBI Master Circular and seek guidance on additional actions, if any, required towards compliance of the said Group Governance Unit requirements.

#### E. Fees

In accordance with the provisions of Clause 6(ii) of the SEBI (Informal Guidance) Scheme, 2003, the Bank have made the payment of Rs. 29,500/- inclusive of GST on October 26, 2023 vide UTR No. AXOBR32990556093 towards the fees for the informal guidance.

For further assistance or clarifications or additional documents, we request that you contact the undersigned on Mobile: 91770 03943 or email: s.poddar@axisbank.com.

Thanking you,

Yours faithfully,

For Axis Bank Limited

  
Sandeep Poddar

Company Secretary



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