



AXIS BANK LIMITED

Registered Office: "TRISHUL" 3rd Floor, Opp. Samartheshwar Temple,
Law Garden, Ellisbridge, Ahmedabad - 380 006, Gujarat.

NOTICE

To
The Shareholders,

POSTAL BALLOT

Section 192A of the Companies Act, 1956 (the "**Companies Act**") and the Companies (passing of the resolution by postal ballot) Rules, 2011 (the "**Rules**") provide for passing of resolutions by postal ballot. In terms of said section and the Rules, a listed company may and in case of resolutions relating to such business as Central Government may, by notification, declare to be conducted only by postal ballot, shall, get any resolution passed by means of postal ballot, instead of transacting the business in general meeting of the company. Clause 5 of the Rules specifies the list of businesses in which resolutions shall be passed only through postal ballot.

The Board of Directors of your Bank have proposed to obtain the consent of the shareholders for increase in the authorized share capital of the Bank, for raising of capital under section 81 of the Companies Act and for increasing the number of stock options which can be granted under the existing Employee Stock Option Scheme of the Bank. In terms of Section 192A of the Companies Act read with the Rules, it is not mandatory to obtain the consent of the shareholders for the above matters by way of postal ballot. However to facilitate wider participation in the approval process by shareholders residing at different locations it is proposed to obtain their consent by way of postal ballot. The Resolutions are appended below and an Explanatory Statement pertaining to the said Resolutions setting out material facts and the reasons for the Resolutions are also annexed.

You are requested to peruse the proposed resolutions along with their explanatory statement and thereafter send your assent or dissent by filing the necessary details and putting your signature at the marked place in the postal ballot form and returning the form duly completed, in the enclosed self-addressed postage pre-paid envelope so as to reach the scrutinizer not later than close of working hours on 25th January, 2013. Your assent/dissent received after 25th January, 2013 would be strictly treated as if a reply from you has not been received.

Electronic Voting (e-voting)

Pursuant to Circular No. CIR/CFD/DIL/6/2012 dated July 13, 2012 of the Securities and Exchange Board of India, the Bank is pleased to offer the option of e-voting facility to all the shareholders of the Bank. For this purpose, the Bank has entered into an agreement with National Securities Depository Limited for facilitating e-voting to enable shareholders to cast their votes electronically instead of physical mode. E-voting is optional for shareholders. The shareholders who wish to vote by Postal Ballot Form (instead of e-voting), can download Postal Ballot Form from <https://www.evoting.nsdl.com> or <http://www.axisbank.com/investor-corner/investor-corner.aspx>

The Board of Directors of your Bank has appointed Shri Ashwin Lalbhai Shah, Advocate, Gujarat High Court, Ahmedabad, as scrutinizer for conducting the postal ballot process in a fair and transparent manner. The scrutinizer will submit his report after completion of the scrutiny and the result of the postal ballot will be displayed at the registered office of the Bank on 28th January, 2013. The results of the Postal Ballot will also be posted on the Bank's website **www.axisbank.com** besides communicating to the stock exchanges on which the shares of the Bank are listed.

Item No. 1

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 94 of the Companies Act, 1956, the authorized share capital of Axis Bank Limited (the "Bank") be increased from Rs. 500,00,00,000 (Rupees Five Hundred Crores only) to Rs. 850,00,00,000 (Rupees Eight Hundred Fifty Crores only) by creation of 35,00,00,000 (Thirty Five Crores) Equity Shares of Rs. 10 (Rupees Ten Only) each."

"RESOLVED FURTHER THAT subject to approval of Reserve Bank of India and in accordance with the provision of Section 16 and all other applicable provisions of the Companies Act, 1956, in Clause V of Memorandum of Association of the Bank, the words and figures "Rs. 500,00,00,000/- (Rupees Five Hundred Crores only) divided into 50,00,00,000 (Fifty Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each" be substituted by the words and figures "Rs. 850,00,00,000/- (Rupees Eight Hundred Fifty Crores only) divided into 85,00,00,000 (Eighty Five Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each".

Item No. 2

To consider and if thought fit, to pass the following resolution, as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956, in Article No. 3 (1) of the Articles of Association of the Bank the words and figures "Rs. 500,00,00,000/- (Rupees Five Hundred Crores only) divided into 50,00,00,000 (Fifty Crores) equity shares of Rs. 10/- (Rupees Ten only) each" be substituted by the words and figures "Rs. 850,00,00,000/- (Rupees Eight Hundred Fifty Crores only) divided into 85,00,00,000 (Eighty Five Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each."

Item No. 3

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), and the regulations/ guidelines, if any, prescribed by the Government of India, Reserve Bank of India, Securities and Exchange Board of India or any other relevant authority, whether in India or abroad, from time to time, to the extent applicable including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and in accordance with the provisions of the Memorandum and Articles of Association of Axis Bank Limited (the “Bank”) and subject to approvals, consents, permissions and sanctions as might be required and subject to such conditions as might be prescribed while granting such approvals, consents, permissions and sanctions and which may be accepted by, the Board of Directors of the Bank (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the Board is hereby authorised on behalf of the Bank, to create, offer, issue and allot (including by way of Preferential Allotment, Private Placement (including allotment to qualified institutional buyers by way of Qualified Institutions Placement in terms of the Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009) in one or more tranches, equity shares and/or equity shares through depository receipts and/or securities convertible into equity shares at the option of the holder(s) of such securities, and/or any instruments or securities representing either equity shares and/or convertible securities linked to equity shares (all of which are hereinafter collectively referred to as “Securities”) not exceeding 4,58,00,000 equity shares including equity shares to be issued upon conversion or exchange of the Securities, to all eligible investors, including residents and/or non-residents and/or institutions/banks and/or incorporated bodies and/or individuals and/or trustees and/or stabilizing agent or otherwise, and whether or not such investors are Members of the Bank (collectively the “Investors”), at such time or times, at such price or prices, at market price(s) or at a permissible discount or premium to market price(s) in terms of applicable regulations at the Board’s absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment of Securities shall be made to the exclusion of others, in such manner, including allotment to stabilizing agent in terms of green shoe option, if any, exercised by the Bank, and where necessary in consultation with the Book Running Lead Managers and/or Underwriters and/or Stabilizing Agent and/ or other Advisors or otherwise on such terms and conditions, including issue of Securities as fully or partly paid, making of calls and manner of appropriation of application money or call money, in respect of different class(es) of investor(s) and/or in respect of different Securities, as the Board may in its absolute discretion decide at the time of issue of the Securities.”

“RESOLVED FURTHER THAT in case of a qualified institutions placement pursuant to Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the allotment of Securities shall only be to Qualified Institutional Buyers within the meaning of said Chapter VIII, such Securities shall be fully paid-up and the allotment of such Securities shall be completed within 12 months from the date of this resolution.”

“RESOLVED FURTHER THAT in case of a qualified institutions placement pursuant to Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the relevant date for the determination of the price of the equity shares, if any, shall be the date of the meeting in which the Board decides to open the qualified institutions placement after the date of this resolution and the relevant date for the determination of the price of the equity shares to be issued upon conversion or exchange of convertible Securities, if any will be the date of the meeting in which the Board decides to open the qualified institutions placement.”

“RESOLVED FURTHER THAT in case of a qualified institutions placement, in terms of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Board may at its absolute discretion issue equity shares (including upon conversion of the Securities) at a discount of not more than five per cent or such other discount as may be permitted under applicable regulations to the ‘floor price’ as determined in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.”

“RESOLVED FURTHER THAT in the event the Securities are proposed to be issued as Foreign Currency Convertible Bonds (“FCCBs”), American Depository Receipts (“ADRs”) or Global Depository Receipts (“GDRs”), pursuant to the provisions of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depository Receipt Mechanism) Scheme 1993 and other applicable pricing provisions issued by the Ministry of Finance, the relevant date for the purpose of pricing the equity shares to be issued pursuant to such issue shall be the date of the meeting in which the Board decides to open such issue after the date of this resolution.”

“RESOLVED FURTHER THAT in case of issuance of FCCBs, ADRs or GDRs, the Board may in its absolute discretion issue Securities at a discount, if any, of such price as may be permissible under applicable regulations at the time of issuance to the floor price determined in terms of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depository Receipt Mechanism) Scheme 1993 and other applicable pricing provisions issued by the Ministry of Finance.”

“RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms in accordance with prevalent market practices or as the Board may in its absolute discretion deem fit, including but not limited to terms and conditions, relating to payment of dividend, premium on redemption at the option of the Bank and/or holders of any securities, or variation of the price or period of conversion of Securities into equity shares or issue of equity shares during the period of the Securities or terms pertaining to voting rights or option(s) for early redemption of Securities.”

“RESOLVED FURTHER THAT the Bank and/or any agency or body or person authorised by the Board may issue depository receipts representing the underlying equity shares in the capital of the Bank or such other securities in negotiable, registered or bearer form with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchange(s) in or outside India).”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to create, issue, offer and allot such number of equity shares as may be required to be issued and allotted, including issue and allotment of equity shares upon conversion of any depository receipts or other securities referred to above or as may be necessary in accordance with the terms of the offer, all such equity shares shall rank pari-passu inter se and with the then existing equity shares of the Bank in all respects.”

“RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorised on behalf of the Bank to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the number of Securities that may be offered in domestic and international markets and proportion thereof, entering into arrangements for managing, underwriting, marketing, listing, trading, acting as depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee and to issue any document(s), including but not limited to prospectus and/or letter of offer and/or circular, and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Bank to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers herein conferred to any Committee or any one or more executives of the Bank.”

“RESOLVED FURTHER THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and the Memorandum and Articles of Association of the Bank and subject to such approvals, consents, permissions and sanctions of the Government of India, the Reserve Bank of India (“RBI”), the Securities and Exchange Board of India (SEBI) and other authorities if any, as may be required and subject also to such terms, conditions and modifications as may be prescribed or imposed by such authorities while granting such approvals, consents, permissions and sanctions, and which may be agreed to by the Board of Directors of the Bank (hereinafter referred to as “the Board” which term shall be deemed to include any committee authorised by the Board to exercise the concerned power), consent and approval of the Bank be and is hereby accorded to the Board to, and the Board is hereby authorised to, offer, issue and allot:

- i. Upto 42,40,450 fully paid up equity shares of a face value of Rs. 10 each of the Bank at a price not below the price in accordance with Chapter VII (Regulations For Preferential Issues) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 on a preferential allotment basis to Life Insurance Corporation of India (LIC);
- ii. Upto 7,71,990 fully paid up equity shares of a face value of Rs. 10 each of the Bank at a price not below the price in accordance with Chapter VII (Regulations For Preferential Issues) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 on a preferential allotment basis to General Insurance Corporation of India (GIC);
- iii. Upto 4,05,947 fully paid up equity shares of a face value of Rs. 10 each of the Bank at a price not below the price in accordance with Chapter VII (Regulations For Preferential Issues) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 on a preferential allotment basis to the New India Assurance Company Limited;
- iv. Upto 3,63,157 fully paid up equity shares of a face value of Rs. 10 each of the Bank at a price not below the price in accordance with Chapter VII (Regulations For Preferential Issues) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 on a preferential allotment basis to the National Insurance Company Limited;
- v. Upto 1,25,596 fully paid up equity shares of a face value of Rs. 10 each of the Bank at a price not below the price in accordance with Chapter VII (Regulations For Preferential Issues) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 on a preferential allotment basis to the United India Insurance Company Limited;
- vi. Upto 1,50,304 fully paid up equity shares of a face value of Rs. 10 each of the Bank at a price not below the price in accordance with Chapter VII (Regulations For Preferential Issues) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 on a preferential allotment basis to the Oriental Insurance Company Limited;

“RESOLVED FURTHER THAT the relevant date as per Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for determination of the applicable price for the allotment of equity shares upfront to the applicant is 29th December, 2012, i.e. the day 30 days prior to the date of report of the Scrutinizer (deemed date of Extraordinary General Meeting).”

“RESOLVED FURTHER THAT the offer for allotment on a preferential basis shall be made only if Securities are also issued and allotted pursuant to a qualified institutions placement and/or an offering of Global Depository Receipts or a combination thereof.”

“RESOLVED FURTHER THAT the new equity shares to be issued as aforesaid will be listed on the stock exchanges where the securities of the Bank are listed on the date of allotment of new equity shares.”

“RESOLVED FURTHER THAT:

- i. the offer, issue and allotment of the aforesaid Equity Shares shall be made at such time or times as the Board may in its absolute discretion decide, subject, however, to applicable guidelines, notifications, rules and regulations;
- ii. the equity shares to be issued by the Bank as stated aforesaid shall rank pari-passu with all existing equity shares of the Bank;
- iii. the Board be and is hereby authorised to decide and approve the other terms and conditions of the issue of the above mentioned equity shares and also shall be entitled to vary, modify or alter any of the terms and conditions, including size of the issue, as it may deem expedient;
- iv. the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of director or directors or any other officer or officers of the Bank to give effect to the aforesaid resolution.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take all such steps and do all such things and give all such directions as the Board may consider necessary, expedient or desirable and also to settle any question or difficulties that may arise in such manner as the Board in its absolute discretion may deem fit and take all steps which are incidental and ancillary in this connection.”

Item No. 4

To consider and if thought fit, to pass the following resolution, as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of section 81 and all other applicable provisions, if any, of the Companies Act, 1956, and in accordance with other regulatory laws and the provisions of the Memorandum and Articles of Association of the Bank, the Board of Directors of the Bank is authorised to issue, offer and allot additional equity stock options convertible into Equity Shares, in addition to the approvals earlier granted by the shareholders from time to time, such that the aggregate number of equity shares that may be issued pursuant to the Employee Stock Option Scheme of the Bank (“ESOS”) shall not exceed 10% of the paid-up share capital of the Bank to the present and future employees and Directors of the Bank under an ESOS, on the terms and conditions as set out in the Explanatory Statement to this resolution and on such other terms and conditions and in such tranche/s as may be decided by the Board in its absolute discretion.”

“RESOLVED FURTHER THAT the total number of options to be granted under the Scheme shall not exceed 10% of the paid-up share capital of the Bank post allotment of equity shares pursuant to the resolution at item No. 3 of this postal ballot notice dated 17th December, 2012.”

“RESOLVED FURTHER THAT without prejudice to the generality of the above, but subject to the terms, as approved by the members, the Board/HR and Remuneration Committee, is authorised to implement the scheme (with or without modifications and variations) in one or more tranches in such manner as the Board/HR and Remuneration Committee may determine.”

“RESOLVED FURTHER THAT the Board is authorised to delegate all or any of the powers herein conferred to the HR and Remuneration Committee constituted for this purpose or to the Managing Director and Chief Executive Officer of the Bank.”

“RESOLVED FURTHER THAT the Equity Shares to be issued as stated aforesaid shall rank pari-passu with all existing Equity Shares of the Bank, including for the purpose of payment of dividend.”

By order of the Board

Place : Mumbai
Date : 17th December, 2012

P. J. Oza
Company Secretary

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 and reasons for proposing the resolution

Item Nos. 1, 2 and 3

1. At present the Authorized Share Capital of the Bank is Rs. 500,00,00,000 divided into 50,00,00,000 Equity Shares of Rs. 10 each.
2. In order to meet the growing requirement of funds for expanding business, the Bank has in the past raised equity on various occasions - during December 2001 to the tune of Rs. 157.59 crores, in March 2002 to the tune of Rs. 52.94 crores and in March, 2003 to the tune of Rs. 164 crores. The Bank issued securities linked to Equity Shares in the form of Global Depositary Receipts (GDRs) in March / April, 2005 to the tune of Rs. 1,122 crores. The Bank also raised Tier I Capital in July, 2007 in the form of equity capital through simultaneous offerings in the form of a follow-on GDR, a Qualified Institutions Placement (QIP) and a preferential allotment of equity shares to the promoters of the Bank to mobilize Rs. 4,534.36 crores through the three-way offering. In September 2009, the Bank mobilised an aggregate of Rs. 3,816.14 crores through the three-way offering, of which the Bank raised US Dollars 95.56 million (equivalent to Rs. 459.43 crores) through allotment of 50,55,500 GDRs each representing one equity share of the Bank at a price of US Dollars 18.90 per GDR. The Bank also raised Rs. 2,996.15 crores by issuing 3,30,44,500 equity shares through a QIP offering, which was priced along with the GDR at Rs. 906.70 per share (equivalent to the price offered under the GDR offering). In order to maintain the percentage shareholding of the Bank's promoters at the pre-GDR/QIP offering levels, Life Insurance Corporation of India and New India Assurance Company Ltd. participated in a preferential offer by subscribing to 39,76,632 equity shares aggregating Rs. 360.56 crores. The equity shares offered under the preferential allotment were also priced at Rs. 906.70 per share (equivalent to price at which both GDR and QIP was offered).
3. The Bank has continued to grow strongly over the last few years and foresees a demand for credit in various sectors including the retail banking segment. Success in encashing this business opportunity rests on the ability of the Bank to raise funds by way of equity.
4. In the backdrop of the current economic environment and regulatory framework, there is also a need to maintain a higher level of Tier I equity or core capital which is seen to reflect capital strength.
5. Upon assessing the Bank's need for core Tier I capital it is proposed, as stated in the resolution, that a maximum of 4,58,00,000 equity shares be issued.
6. With the issue of a maximum 4,58,00,000 equity shares, the paid up capital is likely to get close to the authorized share capital. It is therefore proposed to increase the authorized share capital to Rs. 850 crores divided in 85 crores equity shares of Rs. 10 each. As such an ordinary resolution is proposed at item No. 1 for amendment to the capital clause V of the Memorandum of Association and a special resolution is proposed at item No. 2 for amendment to the clause 3 of the Articles of Association.
7. In terms of Section 81 of the Companies Act, 1956, if at any time after the expiry of two years from the formation of a company or at any time after the expiry of one year from the allotment of shares in that company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares, then such further shares are to be first offered to the existing holders of the equity shares of the company, in proportion to the capital paid-up on those shares at that date. These aforesaid shares may be offered to any persons (whether or not such persons include the existing holders of the equity shares of the company) if a special resolution to that effect is passed by the company in a general meeting. In view of the above, the resolution is proposed to be passed as a special resolution. The Board of Directors or a Committee or any one or more executives of the Bank as authorised by the Board will decide the size, structure and timing of the issue(s) at an appropriate time. The number of equity shares to be issued shall not exceed 4,58,00,000 equity shares.
8. The proposed offer is in the interest of the Bank and the Directors recommend the approval of the resolution.
9. The Bank proposes to raise the equity capital by way of preferential allotment, private placement {including allotment to qualified institutional buyers by way of qualified Institutions placement in terms of the Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations 2009} and private offerings through Global Depositary Receipts, from domestic and international markets, as stated in the Resolution.

The following matters are contained in this notice in accordance with the requirements of Chapter VII (Regulations for Preferential Issues) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009:

1. **Objects of the Issue:** Please refer points 2 to 4 above.
2. **Proposal of Promoters/Directors/Key Management Persons to subscribe to the offer:** The preferential issue is proposed to be made to the promoters of the Bank viz; Life Insurance Corporation of India, General Insurance Corporation of India, New India Assurance Company Limited, National Insurance Company Limited, The Oriental Insurance Company Limited and United India Insurance Company Limited.

SUUTI, the Directors and Key Management persons of the Bank do not intend to subscribe to the offer.

3. The shareholding pattern of the Bank before and after the preferential issue:

Sr. No.	Name of Shareholders	Pre-allotment in terms of No. of Shares	% of pre-allotment paid-up capital	Post-allotment in terms of No. of Shares	% of post - allotment paid-up capital
A	Promoters				
1	SUUTI	9,72,24,373	22.76	9,72,24,373	20.55
2	LIC	3,95,48,734	9.26	4,37,89,184	9.26
3	GIC	72,00,000	1.69	79,71,990	1.69
4	New India Assurance Co. Ltd.	37,86,078	0.89	41,92,025	0.89
5	National Insurance Co. Ltd.	33,87,000	0.79	37,50,157	0.79
6	Oriental Insurance Co. Ltd.	14,01,812	0.33	15,52,116	0.33
7	United India Insurance Co. Ltd.	11,71,373	0.27	12,96,969	0.27
	Total promoter shareholding	15,37,19,370	35.99	15,97,76,814	33.78
B	Other shareholders				
8	Indian FIs and Banks	63,73,330	1.49	63,73,330	1.35
9	Indian MFs	1,94,61,073	4.56	1,94,61,073	4.11
10	Indian Bodies Corporate	3,30,09,198	7.73	3,30,09,198	6.98
11	Indian Residents	3,24,00,019	7.59	3,24,00,019	6.85
	Total domestic shareholding	9,12,43,620	21.36	9,12,43,620	19.29
C	Foreign shareholders				
12	FII	14,33,38,745	33.56	14,33,38,745	30.31
13	FDI (GDR)	3,78,56,255	8.86	3,78,56,255	8.00
14	Foreign Bodies – DR	36,401	0.01	36,401	0.01
15	Foreign Banks/Foreign employees	36,484	0.01	36,484	0.01
16	Foreign Nationals	100	0.00	100	0.00
17	NRIs	924,658	0.22	924,658	0.20
18	Proposed GDR/ QIP offering*	—	—	3,97,42,556	8.40
	Total Foreign shareholding	18,21,92,643	42.65	22,19,35,199	46.93
	Total (A+B+C)	42,71,55,633	100.00	47,29,55,633	100.00

*The unsubscribed portion of shares, if any, under the proposed preferential allotment to the promoters will be offered under the GDR/QIP offering.

4. **Proposed time within which the allotment shall be completed:** The allotment is expected to be completed within fifteen days from the date of passing of resolution by shareholders.
5. **The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them and change in control, if any, in the Bank consequent to the preferential issue:**

The proposed allottees are:

- Life Insurance Corporation of India is a statutory corporation formed under the Life Insurance Corporation of India Act, 1956 and having its registered office at Yogakshema, Jivan Bima Marg, Mumbai - 400 021 (hereinafter referred to as "LIC")
- General Insurance Corporation of India incorporated under the Companies Act, 1956 and having its registered office at Suraksha, 170, J. Tata Road, Churchgate, Mumbai - 400 020 (hereinafter referred to as "GIC")
- New India Assurance Company Limited incorporated under the Companies Act, 1956 and having its registered office at 81, Mahatma Gandhi Road, Fort, Mumbai - 400 001 (hereinafter referred to as "NIA")
- The Oriental Insurance Company Limited incorporated under the Companies Act, 1956 and having its registered office at Oriental House, A-26/27, Asaf Ali Road, New Delhi - 110 002 (hereinafter referred to as "OI")
- United India Insurance Company Limited incorporated under the Companies Act, 1956 and having it registered office at 24, Whites House, Chennai - 600 014 (hereinafter referred to as "UIA") and

(f) National Insurance Company Limited incorporated under the Companies Act, 1956 and having its registered office at 3, Middleton Street, Kolkata - 700 071 (hereinafter referred to as “NI”)

(LIC, GIC, NIA, OI, UIA and NI are hereinafter collectively referred to as “Allottees” and singly as “Allottee”)

The number and percentage of Equity Shares proposed to be allotted to each of the Allottees is as under:

Allottees	No. of equity shares to be allotted	Percentage of the expanded equity share capital after allotment
Life Insurance Corporation of India	42,40,450	9.26
General Insurance Corporation of India	7,71,990	1.69
New India Assurance Company Limited	4,05,947	0.89
National Insurance Company Limited	3,63,157	0.79
The Oriental Insurance Company Limited	1,50,304	0.33
United India Insurance Company Limited	1,25,596	0.27

6. Auditor’s Certificate:

It is proposed to obtain a certificate from M/s. Deloitte Haskins & Sells, Statutory Auditors of the Bank, certifying that the preferential issue is being made in accordance with the requirements contained in Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 for preferential issue.

Your Directors recommend the resolutions at item Nos. 1, 2 and 3 for your approval.

None of the Directors is in any way concerned with or interested in the resolution at item Nos. 1 and 2 of the Notice.

None of the Directors is in any way concerned with or interested in the resolution at item No. 3 of the Notice except the Director representing LIC to the extent of holding of LIC in the Axis Bank. Further, the Directors of the Bank may be deemed to be concerned with or interested in the Resolution at item No. 3 of the notice, to the extent of securities that may be subscribed to by the Companies / Institutions of which they are Directors or Members.

Item No. 4

The shareholders of the Bank had given their approval at an Extraordinary General meeting held on 24th February, 2001 for implementation of an Employee Stock Option Plan which was designed to foster a sense of ownership and belonging among employees/Directors. The total number of shares/options to be issued, allocated or allotted under this plan to the Bank's present and future employees/Directors was not to exceed 1,30,00,000 equity shares/options. The shareholders had further given approval for issue, offer and allotment of 1,00,00,000, 48,00,000, 79,70,000 and 47,47,400 equity stock options convertible into Equity Shares in the Annual General Meetings held on 18th June, 2004, 2nd June, 2006, 6th June, 2008 and 8th June, 2010 respectively. The shareholders have also approved on 8th June, 2010, grant of stock options to the eligible employees and Directors of the Subsidiaries of the Bank. The Bank has not, at any grant date, granted options exceeding 10% of paid-up share capital of the Bank as at the date of grant of options.

The Board had given its approval on 17th December, 2012 for issue, allocation or allotment of further shares/options representing not more than 4,58,00,000 equity shares of Rs. 10/- each paid up subject to the condition that the total number of options to be granted under the Scheme shall not exceed 10% of the paid-up share capital of the Bank post allotment of equity shares pursuant to the resolution at item No. 3 of this postal ballot notice dated 17th December, 2012. The terms and conditions for which shareholders' approval is being requested are broadly similar to the existing employee stock option scheme approved by the shareholders on 24th February, 2001. The proposed resolution is designed to achieve the objective of incentivising employees towards attaining the periodic objectives set for them, and thereby improving the profitability of the Bank.

The following would be the broad terms and conditions of the ESOP:

Total number of options/shares to be issued under the ESOP:

It is proposed to grant further options of Equity Shares of the face value of Rs. 10 each in addition to the approvals earlier granted by the shareholders from time to time subject to the condition that the total number of options to be granted under the Scheme shall not exceed 10% of the paid-up share capital of the Bank post allotment of equity shares pursuant to the resolution at item No. 3 of this postal ballot notice dated 17th December, 2012.

Identification of classes of employees entitled to participate in the ESOP:

All permanent and confirmed employees of the Bank, present as well as future, including the Managing Director and CEO, and other Directors of the Bank subject to RBI approval will be entitled to participate in the ESOP, subject to the applicable regulatory requirements and guidelines issued by the Securities and Exchange Board of India (SEBI). All eligible employees and Directors of the Subsidiaries of the Bank present as well as future shall also be entitled to participate in ESOP.

Date of Grant:

The date of grant would be such date as would be decided by the Board/ HR and Remuneration Committee for the purpose of grant of options.

Requirements of Vesting and period of vesting:

In the event of the stock options being offered to an employee, the employee should continue to remain in the employment of the Bank from the date of grant till the vesting of the stock options. In the case of an employee, who retires by way of superannuation or otherwise and who has been granted options, the entire options so granted would vest on the earliest date of vesting after retirement. In the case of the Managing Director and CEO and Whole-Time Director/s, the date of cessation of his/her service will be deemed to be his/her date of retirement.

The vesting period shall commence on the expiry of one year from the date of grant of the options to the employees/Directors and could extend up to four years from the date of grant of options. The options could be granted in tranches and could vest in tranches. The number of stock options made available to employees could vary at the discretion of the HR and Remuneration Committee.

Maximum period within which the options shall be vested:

From the date of the options, the options shall vest in the employees/Directors within such period as may be prescribed by the HR and Remuneration Committee, which period shall, as mentioned above, be not less than one year and not more than four years from the date of grant of the options.

Exercise Price/Pricing Formula:

The Equity shares would be issued to eligible employees and Directors at a price (Exercise Price) being the closing price on the last working day prior to the date of grant at that Stock Exchange which has had the maximum trading volume of the Bank's shares on that day.

Exercise Period and the process of exercise:

From the date of vesting of the options, the employees /Directors shall be entitled to exercise the options within a period of three years from the date of the respective vesting of the options. The options would be exercisable by the said employees / Directors by payment of the consideration amount in cash and submitting the requisite application form after which the shares would be allotted.

Appraisal process for determining the eligibility of employees to the ESOP:

The Bank conducts an annual performance appraisal for all its employees while deciding upon the number of options to be granted to the employees under the ESOP, the grade and performance of the employee, and any other relevant contributory factor as deemed fit will be taken into consideration.

Maximum Number of Options to be issued per employee and in the aggregate:

The options will be granted to the employees in a manner such that no single employee/Director shall be granted options under the Plan entitling such employee/ Director to Equity Shares in the Bank which would represent more than 10% of the total number of options granted under the Scheme.

Accounting Policies:

The Bank shall comply with the disclosure and accounting policies prescribed by SEBI and any other appropriate authority.

1. Method of Valuation: The Bank proposes to use the intrinsic value method for calculating the employee compensation cost.
2. The Statement: As the Bank has proposed to calculate the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed in the Directors' Report and the impact of this difference on profits and on EPS of the Bank shall also be disclosed in the Directors' Report.

The Board of Directors recommends the resolution for approval of the members.

Approval of the members by way of a special resolution is sought in terms of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 for the issue of Equity shares of the Bank to the persons mentioned above under ESOP. The Board/ HR and Remuneration Committee shall have the absolute authority to vary or modify the terms hereinabove in accordance with and subject to all applicable guidelines which may be stipulated by SEBI or otherwise.

All the Directors of the Bank who would be eligible/qualified to avail benefits of ESOP may be deemed to be concerned with or interested in the resolution at item No. 4 of the Notice, to the extent of offer of options which may be made to them. The members' approval in accordance with this resolution is inter-alia also being sought for authorising the Board of Directors and the HR and Remuneration Committee to do acts stated in the resolution hereinabove where they would be the beneficiaries.

By order of the Board

Place : Mumbai

Date : 17th December, 2012

P. J. Oza
Company Secretary